



Investing for strong and **sustainable growth**

Annual Report 2023





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By investing in strong and sustainable growth, Almarai continued its growth momentum this year to become the world's 11th largest food and beverages company.

Our success was fueled by the effective execution of our strategy, which has delivered an increasing strength in our core businesses, value-creating strategic acquisitions and expansion into new markets and categories.

We are now well positioned to build on this dynamic and diversified foundation to take the next step in our journey to enter the global Top 10, while maintaining our commitment to the Kingdom and supporting Saudi Vision 2030.

Our Purpose

Our purpose remains to deliver on our promise of "Quality you can trust". We are focused and uncompromising in delivering nutritious and high quality food and beverages to our millions of consumers – every day and across the Middle East.



Read our 2023 Annual Report on
www.annualreport.almarai.com



19,576
Total Sales
(SAR million)

2,049
Net Profit
(SAR million)

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Investment Case



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KPIs



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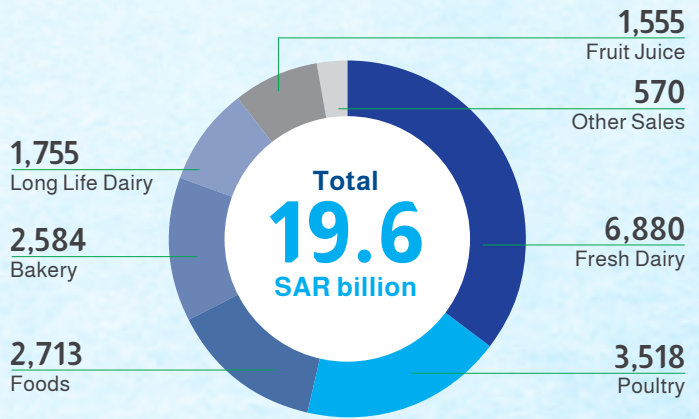


2023 At a Glance

Founded in 1977, Almarai is the world's largest vertically integrated dairy company and the region's largest food and beverage manufacturing and distribution company.

Headquartered in the Kingdom of Saudi Arabia, Almarai Company is the largest manufacturer and distributor of Fast-Moving Consumer Goods (FMCG) in the Middle East & North Africa (MENA) region and is the market leader in the categories and countries where it operates. After more than 45 years of sustainable growth, Almarai continues to provide nutritious and healthy products to consumers of all ages, with success derived from the bedrock principle of "Quality you can trust". In addition to its high-quality dairy products, Almarai has diversified its product portfolio to include juices and beverages, bakery, poultry, infant formula, dates, and seafood products under the consumer brand names: Almarai, L'usine, 7DAYS, Alyoum, Teeba, Beyti, Ice Leaf, Bashayer, Nuralac, Farm's Select, One Bean, Almarai Refresh, Almarai Pro, Almarai Yogo, Almarai Treats, Almarai Marvello, Almira, Seama, Bakemart, Premier Chef and Kol Youm. As of 31 December 2023, Almarai's paid up share capital amounted to SAR 10 billion, consisting of one billion fully paid and issued shares of SAR 10.00 each.

Revenue Segmentation



Sales by Geography (SAR million)

■ KSA	13,188
■ UAE	1,760
■ Egypt	1,322
■ Kuwait	950
■ Oman	751
■ Jordan	680
■ Bahrain	390
■ Qatar	14
■ Others	520

Sales by Product (SAR million)



Highlights

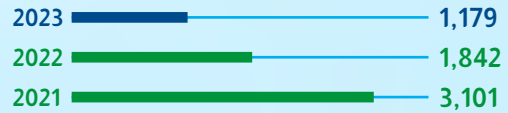
Total Sales

(SAR million)



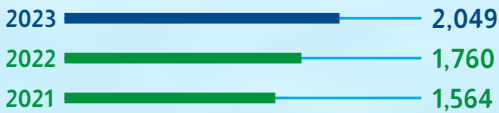
Free Cash Flow

(SAR million)

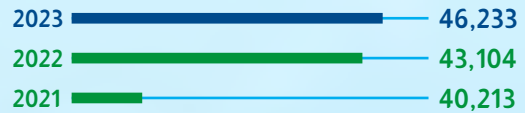


Net Profit*

(SAR million)

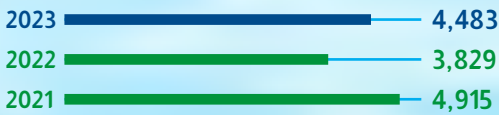


Total Headcount



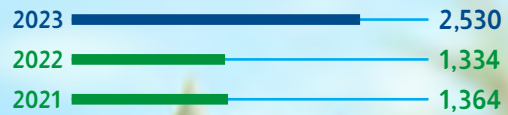
Operating Cash Flow

(SAR million)



CAPEX

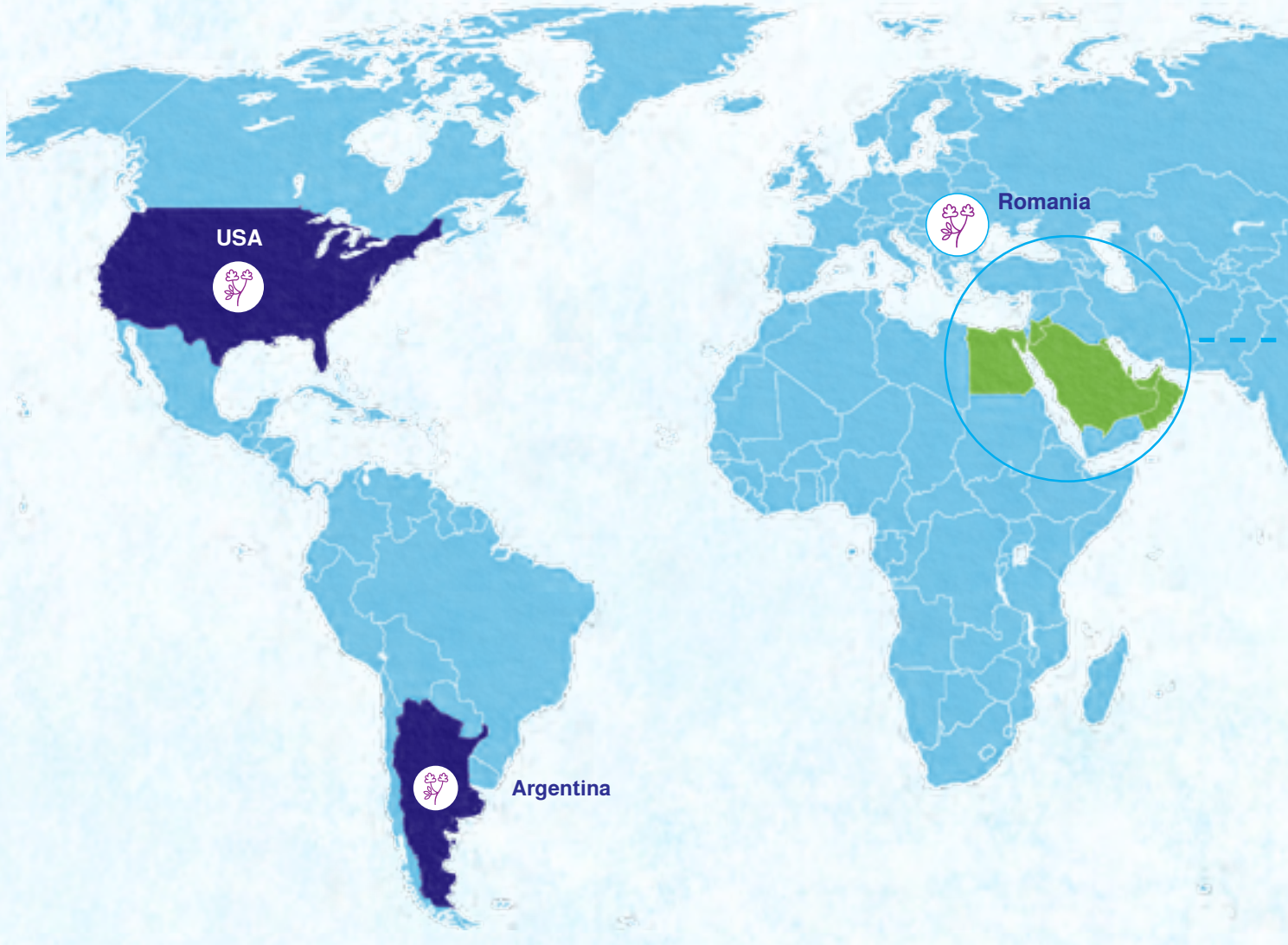
(SAR million)



*Profit attributable to the Shareholders of the Company



Where We Are



What We Do



Dairy

Dairy is the founding cornerstone of Almarai's product range and includes Fresh Dairy, Long Life Dairy and Foods. For over 45 years we have endeavored to earn the trust of our consumers and are the regional market leader in a wide range of sub-categories.

Read more on Page 50-51

Juice

Almarai leads the GCC in the production of fresh juice, providing consumers with a wide range of juices, Long Life juices, nectars and drinks, as well as products for children.

Read more on Page 52-53



Arable farms



Dairy farms



Poultry farms



Manufacturing



Sales depots



Head Office

Bakery

Using the highest quality ingredients and world-class facilities, we deliver a wide range of bakery products to consumers across the GCC, marketed under the L'usine and 7DAYS brands.

Read more on Page 54-55

Poultry

Our Poultry brand, Alyoum, continues to enjoy the number one spot as brand of first choice for Saudi Arabia's consumers with over 55% on brand consideration. It is a brand that symbolizes quality and innovation, representing our core values in the marketplace. The product range includes a comprehensive selection of whole, portions and value-added SKUs.

Read more on Page 56-57



Awards and Recognition



The global brand valuation company, has ranked Almarai Company among the 10 most powerful brands for Alyoum and L'usine in the Kingdom for 2023

The Most Meaningful Brand in Saudi Arabia 2023



Almarai® ranked among the 100 most powerful companies in the Middle East for the year 2023

Top 10 Most Innovative Companies in Saudi Arabia 2023

Abdullah Albader is one of the most powerful CEOs in the Middle East 2023



Almarai® ranked fourth among the top 20 companies in terms of brand value in Saudi Arabia and the United Arab Emirates 2023

Almarai® is the fourth largest brand in Saudi Arabia and the United Arab Emirates in 2023



Almarai® won the Golden Award for the latest innovative marketing campaigns in MENA 2023



First Place - Best Annual Report 2022 (Print - Large Cap Companies in the Middle East)



Almarai® won GHG Emission Reduction Best Practices Award in Saudi Arabia 2023



Abdullah Albader won the Okaz Award for the best CEO in the Kingdom



Almarai® won the Best Company Award in the Capital Raising in the Middle East



Almarai® won Silver in Effie Award 2023 for Ramadan Portfolio Campaign



Most Innovative Communications Team of the Year 2023 in MENA



L'usine Brioche recognized as award-winning innovation in KSA



Best Shariah-compliant Deal 2022



Best Islamic Loan Award for 2023 in KSA

Vision

To grow our leading position as the trusted choice for food and beverages in the region, delighting consumers with quality nutrition every day.



Mission

To provide quality and nutritious food and beverages that enrich consumers' lives every day.



Values



Adaptable

Sharing

Passionate

Innovative

Respect

Excellence



Year in Review

During an eventful year of strategic progress and outstanding achievements, Almarai continued to invest across its business segments and geographic footprint to drive stronger and sustainable growth today and for the years to come.

Feb

Acquisition completed of International Dairy and Juice (IDJ) for SAR 255 million (USD 68 million)

Almarai purchased PepsiCo's 48% ownership in IDJ to increase its shareholding from 52% to 100%, for a total consideration of SAR 255 million (USD 68 million).

Mar

HRH Prince of Hail inaugurates two food factories for the Almarai Company in Hail

HRH Prince Abdulaziz Bin Saad Bin Abdulaziz, Governor of Hail region, inaugurated the bakery factory and the expansion of the Almarai poultry factory (the third poultry factory) in Al-Shannan Governorate, Hail region.

Jul

Successful Sukuk raised USD 750 million

Almarai raised SAR 2.8 billion (USD 750 million) from the sale of its USD-denominated trust certificates under its USD 2 billion Trust Certificate Issuance Program.



Sep

Ranked fourth most valuable dairy brand globally

Brand Finance, the world's leading brand valuation consultancy, ranked Almarai the world's fourth most valuable dairy company in 2023, after the value of the Almarai brand rose 24% year-over-year to reach USD 3.4 billion, according to Brand Finance's world brands report 2023.

Oct

Investment to increase fresh bakery capacity and enter frozen bakery segment

Almarai approved an investment of SAR 405 million to expand its Bakery segment and maintain momentum of recent growth in the Kingdom of Saudi Arabia and other key markets.



Dec

Acquisition of Etmam Logistics for SAR 182 million

The acquisition will enhance Almarai's ability to serve its customers with an expanded range of frozen products across the Kingdom of Saudi Arabia. This will accelerate the development of its Foodservice operations by enabling a broader product offering, drive growth in its Poultry business with increased penetration of the frozen category and provide a footprint for expansion into other frozen categories in the future.



Investment Case

Almarai operates in a dynamic and resilient market segment, and fully understands the requirement to maintain customer loyalty while producing high quality products manufactured from world-class raw materials.

Market leadership

- Almarai occupies the top spot in almost all market segments in which it operates
- Today, Almarai is still Number 1 ESG company on Tadawul, as ranked by ESG Invest

Stable top and bottom-line growth

- Revenue growth for 2023 was 5% led by Dairy and Poultry categories
- Net income increased by 16% in 2023 to reach SAR 2,049 million, compared to SAR 1,760 million in the previous year
- Planned expansion of Poultry category resulted in a higher CAPEX spend of SAR 2.5 billion, against last year's spend of SAR 1.3 billion

Track record for delivering value to shareholders

- Dividend payment amounting to SAR 1.0 per share, totaling SAR 1 billion to be paid to shareholders for the 2023 year
- Share price has increased more than 3x since listing, reflecting the confidence of our shareholders in Almarai

Additional growth from bolt-on acquisitions

- Drive growth in core markets, notably Poultry while continuing to expand market share in GCC and Foodservice
- Multiple successful acquisitions in the last five years driving both top and bottom-line growth





Shareholders Information

Almarai Share Information		
Listing date	2005	
Exchange	Saudi Stock (Tadawul)	
Symbol	2280	
ISIN code	SA000A0ETH1	
Number of shares issued	1,000,000,000	
Market cap as of 31 December 2023	SAR million	55,800
	USD million	14,878

Share Price 31 December 2023	Share Price One Year Ago	Share Price Three Years Ago	52-Week High	52-Week Low	Change from 2022-2023
55.80	53.50	54.90	70.30	51.70	4.3%

Share Price Performance during the Year of 2023



Share Price and Shareholder Information

Almarai shareholdings

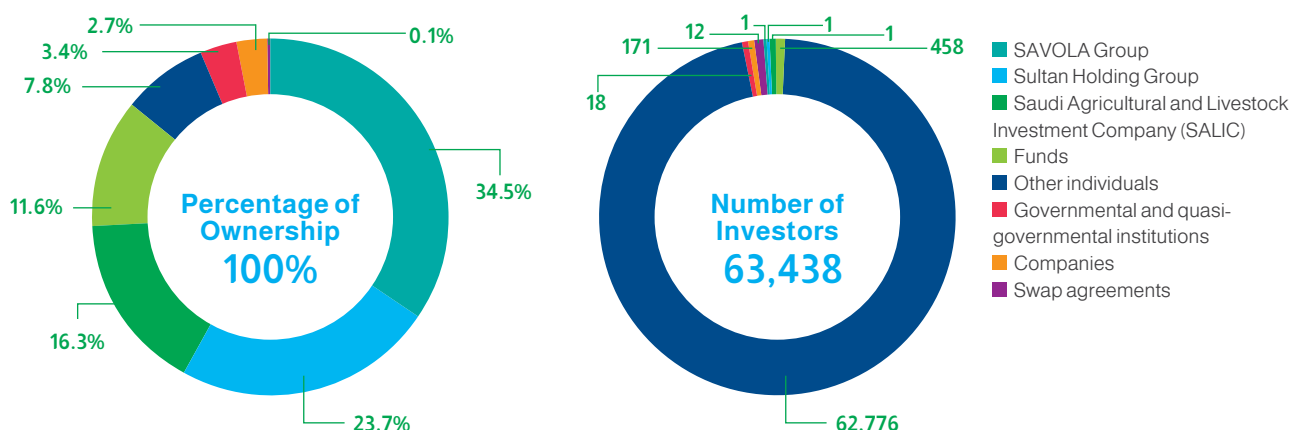
As of 31 December 2023, Almarai had 63,438 shareholders. Institutional investors represent 92.2% of the total share ownership, while individual investors represent 7.8%. There

are 36 shareholders owning one million or more shares in Almarai, representing 89.4% of the issued shares. The following tables provide an overview of Almarai's investors:

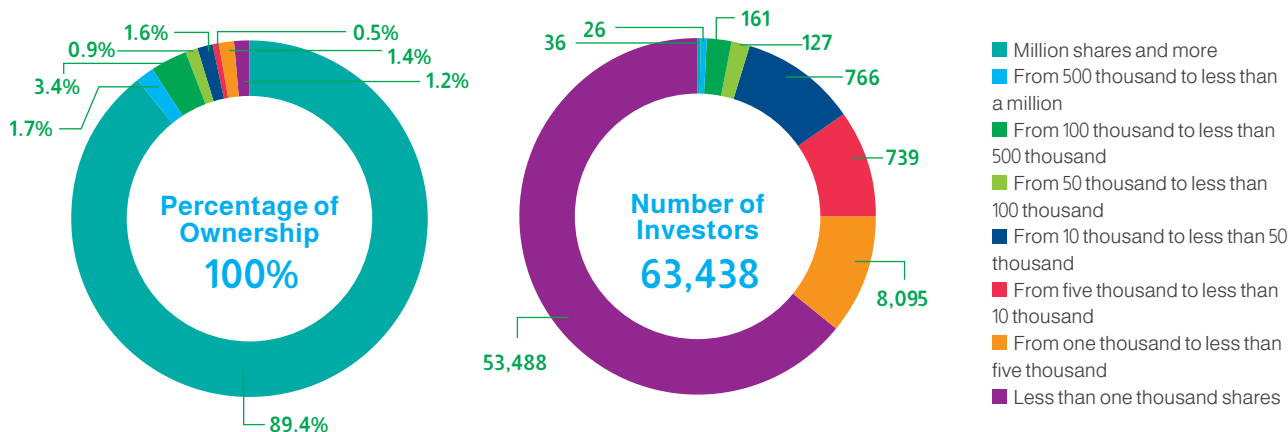
Almarai Investors according to Nature of Investors	31 December 2023		
	Percentage of Ownership	Number of Investors	Number of Shares
Institutional investors	92.2%	662	922,164,760
Individual investors	7.8%	62,776	77,835,240
Total	100.0%	63,438	1,000,000,000

31 December 2023			
Almarai Investors according to Nationality	Percentage of Ownership	Number of Investors	Number of Shares
Saudi	94.5%	60,378	944,587,729
Other nationalities	5.5%	3,060	55,412,271
Total	100.0%	63,438	1,000,000,000

Almarai Investors According to Investor Type



Almarai Investors According to Number of Shares Owned



Ownership Notification

According to Article 68 of the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority (CMA), during 2023, Almarai received no notifications of new ownership of more than 5% of the shares issued to the Company. The following table outlines ownership of 5% or more of the issued shares:

Ownership of 5% and more of the Issued Shares	31 December 2023			
	Beginning of the Year		End of the Year	
	Number of Shares	Percentage of Ownership	Number of Shares	Percentage of Ownership
SAVOLA Group	345,218,236	34.5%	345,218,236	34.5%
Sultan Holding Group	236,956,536	23.7%	236,956,536	23.7%
Saudi Agricultural and Livestock Investment Company (SALIC)	163,233,480	16.3%	163,233,480	16.3%
Total	745,408,252	74.5%	745,408,252	74.5%

Strategic Review



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Chairman's Statement



Our Company is primed to become one of the world's leading food and beverages companies, delivering our trusted quality products and customer service excellence to valued consumers around the globe.

Investing for Strong and Sustainable Growth

Almarai grew into the world's 11th largest food and beverages company in 2023, thanks to robust organic growth and proactive merger and acquisition activity. The Group's elevation is a testament to the meticulous implementation of its well-defined corporate strategy, operational excellence, prudent financial management, product and market innovation and commitment to all its stakeholders.

Almarai's award-winning excellence in providing nutritious and delicious food and beverages continued to strengthen Saudi Arabia's food security goals and was the momentum behind another year of financial growth, capacity expansion, new product launches and the broadening of the Company's geographic reach.

Organic and Acquisition Driven Growth to Continue...

As we embark on an even more ambitious program in the coming years to expand our core businesses, move into adjacent product categories and launch in new geographical territories, we are optimistic that Almarai's commitment to growing financial returns and shareholder value will continue to be achieved.

In line with our commitment to the Government of Saudi Arabia to contribute to delivering Saudi Vision 2030, we advanced our engagement with Shareek, a dedicated program to expedite the growth of Saudi Arabia's largest companies.

Our Company is primed to become one of the world's leading food and beverages companies, delivering our trusted quality products and customer service excellence to valued consumers around the globe. As we grow internationally, we remain committed to Saudi Arabia's food security objectives. Our future investments in state-of-the-art manufacturing and processing facilities will elevate our ability to produce nutritious consumables for the health of the people of Saudi Arabia. Additionally, we will keep contributing to the Saudi Vision 2030's aim of raising workforce participation by nationals, with our expansion driving more Saudi employment.



**Naif Bin Sultan Bin
Mohammed Bin
Saud Al Kabeer**
Chairman

Exceptional Delivery of our Corporate Strategy

The positive momentum that emerged in regional and global markets in 2022 continued to gather pace in 2023. Trading conditions in our key markets normalized during the year, and commodity prices stabilized, albeit at higher levels, after a period of unparalleled inflation.

The overall improvement in our business environment and a stronger tourism sector assisted in delivering another excellent financial performance in 2023, driven by the exceptional execution of our corporate strategy.

In addition to achieving financial targets, our ongoing innovation and investment in delivering superb food products won the Company several prestigious awards and the inclusion of L'usine and Alyoum in Brand Finance's 2023 list of the 10 most powerful brands in Saudi Arabia. Brand Finance also named Almarai the world's fourth most valuable dairy company.

Additionally, Forbes magazine included Almarai in the list of the top 10 innovative companies in Saudi Arabia in 2023. The quality of our management was also recognized, with Abdullah Albader winning the Okaz Award for the best Chief Executive Officer in Saudi Arabia in 2023. These independent validations consolidated our position as an emerging global food and beverages leader.

750
million USD
new Sukuk

raised as part of our
USD 2 billion Trust
Certificate Issuance
Program



Almarai's primary corporate focus is growing its existing operations in our core categories of Dairy, Juices, Poultry and Bakery in the countries where we currently manufacture, process and distribute. The aim is to build market share in under-indexed categories and entrench our position in those segments where we are the clear leader, taking advantage of the exceptional returns of the GCC markets.

Continuous Enhancement of Corporate Sustainability

The year under review is our sixth of "Doing Better Every Day", aimed at improving our sustainability metrics. Once again, we remained on track to meet our 25 sustainability targets, which are fully aligned with Saudi Vision 2030 and the United Nations Sustainable Development Goals, while substantially improving transparency.

As a responsible corporate citizen, Almarai is also dedicated to building the skills levels of Saudi people and providing them with meaningful employment opportunities. In 2023, we announced that Almarai would participate in the Ministry of Human Resources and Social Development's national training campaign, providing more than 50,000 employee training opportunities over the next three years.

Almarai supports the Food Industries Polytechnics with the objective of elevating the local workforce. In 2023, Almarai hired almost all the latest graduates of the Institute into various roles, advancing the Saudization plan to encourage greater participation by citizens in Saudi Arabia's economy.

Almarai is committed to protecting the safety and health of our employees, and I am pleased to report that our commitment was validated by the ISO 45001 Certification for Occupational Health and Safety.

Promising Prospects for 2024

The coming year will be characterized by a greater commitment of time, effort and investment in growing our Company on multiple fronts. As a result, we are confident of an even stronger result in the coming year, supported by volume growth, stabilization of overseas markets and channel expansion, mainly in Foodservice.

Our core business will retain the lion's share of our growth focus. In our other strategy pillars, new product categories are under development, and we see exciting opportunities to expand our operations in North Africa and the Levant.

Our ongoing focus on financial discipline, digital adoption and innovation will further strengthen our operational competencies and ensure our base platform supports the extensive growth we anticipate.

Acknowledgments

We want to give all thanks to Allah for his blessings. Our Board expresses its immense gratitude to King Salman Bin Abdulaziz Al Saud, the Crown Prince Mohammed Bin Salman Al Saud and the Government for their continued support of our business and inspiring leadership as we take our Company to new heights.

To my fellow Board members, your advice and guidance continue to be immeasurable, and I am grateful for your wise counsel. We also appreciate the confidence of our shareholders, who have joined us on our ambitious journey of value creation.

Each day, we strive to deliver the best products to our loyal consumers, and the entire Company thanks them for trusting us.

Finally, Almarai's remarkable story is testimony to the unstinting efforts of our employees. With their heartfelt commitment to delivering outstanding products and customer service, our Company has continued to excel in delivering market-leading, innovative, nutritious and delicious products to our many consumers.



Theme of the Year

Investing for Strong and Sustainable Growth

Almarai's unique positioning in our markets, outstanding talent and clear strategic direction, executed with purpose and precision in 2023 propelled our Company into the global big leagues, becoming the world's 11th largest food and beverages company.

Decisive investment to optimize our core businesses, already the foremost players in their respective categories and markets, generated quality organic growth and set the stage for augmenting value creation on a bigger scale in the future.

We seized appropriate opportunities to further build our business through acquisitions and cultivated attractive prospects to enter new categories and geographic

territories, applying our strong financial standing and operational excellence to chart a course toward long term, sustainable growth.

Our Company is primed to unleash our enormous potential to attain even greater heights by leveraging our growing footprint, innovative product development, exceptional channel management and an unmatched reputation among consumers for trusted quality.

As we stand on the brink of transforming into a global Top 10 food and beverages multinational, we remain a truly Saudi business committed to serving Saudi Arabia and its people, while contributing to the realization of Saudi Vision 2030.





Investing for Strong and Sustainable Growth

CEO's Message

New fresh and frozen product lines were launched in our four main businesses, Dairy, Juice, Poultry and Bakery, with capacity in our Poultry business increasing materially.

Continuing Investment for a Stronger Future

Almarai's commitment to continuous investment in its market-leading business is paving the way for new growth opportunities that will facilitate a stronger future. Applying the full force of our substantial expertise and financial resources is taking the Group, the 11th most prominent food and beverages company in the world, into additional food categories and geographic territories where it is delivering its trusted quality to new markets of consumers.

Our operational efficiency and continuing capital investment for future growth drove meaningful advances in both our top and bottom-line numbers in 2023, with the latter growing at a rate faster than our competitors.

Prudent Operational and Financial Management

Our achievements during 2023 took place against the backdrop of the economic recovery in our core markets, erasing much of the lasting impact of the COVID-19 pandemic. We benefited from a revival in tourism in Saudi Arabia and an increase in population, both playing a role in delivering higher sales in our Retail and Foodservice channels.

Our core consumer markets in the GCC region continue to go from strength to strength.

The most consequential external influence on our business, however, was the unprecedented inflation in the costs of many of our essential commodities, but mainly corn, soya and alfalfa. Prices of our key inputs rose steeply

before stabilizing, albeit at historic heights. Our success in absorbing these inflationary costs affirmed the Group's reputation for excellent financial management and its ability to deliver sustainable profit growth and shareholder value.

Financial Performance in 2023

Our relentless focus on delivering value to our customers across our entire product range enabled us to post revenue of SAR 19.6 billion, a 4.6% increase over SAR 18.7 billion in 2022.

Net income attributable to shareholders of the Company of SAR 2.0 billion was 16.4% higher than the previous year, while operating profit of SAR 2.7 billion also showed outstanding growth, up 18.3% on SAR 2.3 billion in 2022.

Abdullah Albader
CEO



Better cost controls over sales, marketing and general and administrative expenses all contributed considerably towards our operating profit growth. However, net profit growth was affected by higher funding costs in line with a higher SAIBOR rate.

With EBITDA of SAR 4.4 billion, Almarai ended 2023 with net debt to EBITDA of 2.1x.

Market Support for Almarai’s Corporate Strategy and Execution

As part of our USD 2 billion Trust Certificate Issuance Program, we launched an extremely well-received Sukuk in July to raise USD 750 million in 10-year Sharia-compliant debt instruments. Market demand for our bonds exceeded availability by almost eight times, reaffirming the confidence of financial markets in our business strategy and financial execution strategy.

Progressing our Strategy

In line with our growing emphasis on delivery and investment-driven growth, we refined our existing corporate strategy for 2023 into three pillars: Mobilizing innovation to grow our core business, moving into adjacent products and expanding into neighboring geographies. Against the background of these discrete objectives, we embarked on several significant initiatives during the year under review while also effecting a solid financial performance and delivering meaningful growth in shareholder value.

As part of growing our core businesses, we expanded our coverage and reach in the GCC, boosting consumer experience by making our products more conveniently available. New fresh and frozen product lines were launched in our four main businesses, Dairy, Juice, Poultry and Bakery, with capacity in our Poultry business increasing materially. Underpinning our core business expansion was consumer preference for greater convenience and changing dietary preferences.



The outcome was meaningful growth across our existing Retail, Wholesale and eCommerce channels, with our Foodservice channel being our top performer. Our channel strategy was supported by a substantial marketing program and excellent shelf executions to ensure our brands remained top-of-mind among B2B customers and shoppers.

The second pillar of our growth strategy is moving into new product categories. In 2023, one of our biggest success stories has been the well-received launch of Seama, our premium-branded, omega 3-rich seafood line. We also advanced our plans for the red meat market, where we are currently a supplier of products to the agricultural industry rather than a supplier of quality food products to consumers. These two new initiatives are essential elements of one of Saudi Arabia's food security goals, namely, to increase the consumption of quality protein in its citizens' diets.

The third part of our three-pillar strategy is geographic expansion. In 2023, this took a significant step forward with Almarai's purchase of partner PepsiCo's 48% share in the food business IDJ, which primarily manufactures and distributes dairy and bakery products in Egypt and Jordan, and exports internationally. The transaction now gives Almarai complete control of the Company, creating a platform for us to expand strategically into the wider region.

Operational Highlights

Growth in our core Dairy and Food categories played a key role in improving the overall profitability of the business unit. Total Dairy revenue grew 4.6% to SAR 11.3 billion,

The economic recovery in our core markets continued the upward trajectory that emerged in 2022, enabling our Juice business unit to deliver a solid performance across our entire beverage portfolio in 2023. Our line of fresh juices reported excellent revenue growth, significantly contributing to the business unit's overall profitability.

Bakery also performed exceptionally well in 2023, with revenues topping SAR 2.6 billion, thanks to substantial volume and value growth across the entire portfolio of products and supported by product innovation and manufacturing economies of scale.

Our flagship Poultry business had another excellent year thanks to record-breaking capacity. In 2023, Almarai processed more than 250 million birds. Thanks to our new production and processing facility in Hail, our Poultry revenue grew 16.8% to reach SAR 3.5 billion for the current year.

Technology-enabled Efficiency

Building on the digital advances we made in 2022, we continued with these initiatives in the current year to advance our efficiency and to find new ways to improve our engagement with our customers. Our research and development team is investigating emerging technologies and piloting new platforms to expand our capabilities.

During 2023, we successfully broadened our eCommerce presence, paving the way for further investment to strengthen our connections with our consumers and customers.

Our Strongest Asset

Our people are the strongest part of the success of our Company. This year, as in previous years, they delivered our commitments to our consumers, customers, stakeholders and the business.

Our people continued to prove their fortitude and resilience in the face of the challenges faced by the business, and I am particularly proud of their willingness to go the extra mile to deliver growth for our Company. We continue to support, engage with and rely on them to power our future, and I thank them wholeheartedly for their contribution in 2023.

Almarai in 2024

We are optimistic about Almarai's continued growth story, thanks to our prudent financial approach, investments in the future and exceptional operational capabilities.

In 2024, we anticipate improving both top and bottom-line growth fueled by greater volumes and our ever-improving efficiencies to bolster our margins.

In the coming year, many of our investments in 2023 will begin to deliver value and build on our robust foundation for our Company's continued, sustainable prosperity.

We will continue to seek and explore new opportunities for investment and expansion in our current markets and categories, and untapped areas. Accordingly, we expect to announce new initiatives in 2024 as we remain on course to deliver on our strategy for future growth.

Acknowledgments

Our customers and consumers are at the heart of our every move in Almarai's unrelenting quest for better quality, choice and nutrition. We thank them for their trust and loyalty in 2023 and look forward to serving them with greater vigor and commitment next year.

Local authorities in Saudi Arabia also played an essential part in our success of supporting Saudi Arabia's food security goals. We thank them for their partnership in delivering our mission.



Market Review

The Global Economy

The global economy is recovering slowly from the impacts of the pandemic, geopolitical tensions and a cost-of-living crisis. Despite disruptions in energy and food markets, and tight global monetary conditions, the global economy has not stalled, but is instead moving forward with slow and uneven growth.

Projections indicate a slowdown in global growth from 3.5% in 2022 to 3% in 2023. Inflation is gradually decreasing, with headline inflation expected to decline to 5.9% in 2023. The global economic slowdown is more pronounced in advanced economies, with notable resilience in the United States and challenges in Europe and China. Measures including effective monetary frameworks, fiscal adjustments, structural reforms and international cooperation are needed to address these challenges and support global economic stability.

The MENA Region

The Middle East & North Africa (MENA) region is expected to end the year with slower growth than anticipated, with a revised forecast of 1.9% in 2023, down from the previous year's 6.0%. The Gulf Cooperation Council (GCC), comprising oil and gas exporters, is expected to follow suit, with a growth of 1.0% in 2023, down from 7.3% in 2022. Nonetheless, this is projected to rebound to 3.6% in 2024.

In addition, the GCC is expected to post a reduced fiscal surplus of 0.8% of GDP in 2023, down from 4.3% in 2022, emphasizing the need for timely policy reforms. The World Bank emphasizes the urgency of reforms to address enduring structural challenges in MENA's labor markets.

The Saudi Economy

In 2023, Saudi Arabia marked the midpoint of its Vision 2030 initiative, achieving notable success in various areas. Female labor force participation has exceeded expectations, reaching 35% in Q2 2023, contributing to rising household incomes and economic growth. Unemployment has declined to 8%, moving towards the 2030 target of 7%. Home ownership has increased to 67%, approaching the goal of 70%.

Non-oil fiscal revenue has more than doubled, and Saudi GDP surpassed USD 1 trillion in 2022. Despite lower oil exports, the Kingdom is expected to maintain its GDP above USD 1 trillion in 2023. However, economic forecasts indicate a slowdown, while the World Bank predicts a 0.9% contraction in 2023 due to lower oil production. Inflation is projected at 2.6%.

The oil market faces uncertainties, with strong non-OPEC+ supply growth and varying levels of global economic recovery. However, S&P Global Ratings has affirmed Saudi Arabia's rating as "A-/A-1" with a stable outlook, citing economic reforms and growth in the non-oil sector. The non-oil private sector has grown, even as the oil sector contracted due to production cuts. Despite lower oil export revenue in 2023, fiscal revenue will be boosted by the Aramco performance dividend. The Purchasing Managers Index indicates non-oil economic expansion, and H1 2023 saw a surge in non-oil revenue growth, including income tax. As a result, the Kingdom has received a positive outlook from rating agencies in 2023, but concerns may arise if oil prices weaken.

The F&B Market

The food and beverages (F&B) industry in Saudi Arabia is experiencing significant growth, driven by factors such as the Quality-of-Life Program. As part of Vision 2030, the program aims to diversify cultural and entertainment opportunities. Premium-casual dining has emerged as a fast-growing segment, with healthy competition leading to the establishment of various eateries, food trucks and mobile delivery applications.

The Kingdom's F&B market is valued at USD 45 billion, making it the most vibrant in the Middle East. Investments are rapidly growing, with The Saudi Food Show aiming to facilitate growth aligned with Vision 2030. The foodservice market is estimated at USD 25 billion in 2023, projected to reach USD 42 billion by 2029, driven by the fastest-growing segments of cafes and bars, in addition to cloud kitchens. The revenue in the F&B service activities segment is forecasted to increase, reaching USD 16 billion by 2025. Technological developments and the advantages of cloud kitchens, including higher profit margins and operational flexibility, contribute to the industry's expansion.

Saudi Arabia is a major hub for F&B in the GCC, accounting for 51% of total food retail sales. The government aims to attract 100 million visitors annually by 2030. Hence, the government and international companies have made heavy investments amounting to USD 59 billion in the food manufacturing sector and USD 187 million in F&B startups. Overall, the Kingdom is progressing towards implementing policies more conducive to business and tourism, thereby altering the dynamics within the Kingdom's F&B sector.

2024 Outlook

The economic trends suggest that the Saudi economy is set to rebound in 2024. This projection is supported by ongoing solid growth in non-oil activities, a growth-oriented fiscal policy, and increased investment spending, ultimately stimulating growth in 2024.

Although food and beverages expenditure in Saudi Arabia is expected to remain resilient, the growth rate may decelerate compared to previous years. Market dynamics will be influenced by increasing health awareness, fostering robust expansion in segments such as fish and fruit juices and sub-categories such as fortified dairy and probiotics.



CFO's Review

“The momentum we generated in 2023 will accelerate further next year as we reach full force in our strategy execution. Consequently, we are optimistic about our top-line growth, where we anticipate material improvement in volumes.

Strategic Execution driving Diversification and Profitability

The return of stability in markets and prices in 2023 enabled Almarai to dedicate greater attention and energy to its corporate growth strategy, which led to an improvement in both its top and bottom-line growth. With profits growing more robustly than revenues and financial and operational efficiencies having a positive impact, Almarai's margins showed a healthy improvement, leaving the Group well positioned to execute on existing and new opportunities for growth.

Net income attributable to Almarai's shareholders increased 16.4% to SAR 2,049 million for the full year, compared to SAR 1,760 million in 2022. Trading conditions, which started recuperating in 2022, continued their upward momentum this year, nonetheless substantial cost inflation persisted that required higher cover to offset the increase in expenses.

Our revenues in 2023 of SAR 19,576 amounted to a 4.6% increase on SAR 18,722 million in 2022. This excellent growth was led by Dairy and Poultry, mainly in the GCC countries. Stabilized global commodity cost trends and a positive product mix resulted in a healthier gross margin improvement by 90 basis points to reach 31% compared to 30% in 2022.

The operating profit percentage expanded even further by 160 basis points to reach 14%, a marked increase over 12% operating profit achieved in 2022. This increase in operating profit of 18.3% demonstrated the success of our efficiency initiatives and consistent implementation of meticulous cost control.

Net profit rose 16.4% driven by operating profit growth, but was partly offset by higher funding costs driven by an increase in the SAIBOR rate which increased substantially in 2023. Earnings per share, based on consolidated profit attributable to shareholders of SAR 2,049 million, were SAR 2.08 and diluted earnings per share came to SAR 2.05.



Danko Maras
CFO

Cash Flow and Liquidity Management

- Almarai’s operating cashflows increased substantially in 2023 to 23% of revenues, as compared to 20% of revenues in 2022
- The growth in operating cashflow was equally matched by the growth in our investing cashflows which rose to 23% of revenue, driven solely by our investment in Poultry to double our capacity in the next three years
- Notwithstanding the increased investment in Poultry, Almarai’s free cashflow continues to be positive for the year and contributed SAR 1.2 billion for the 2023 year

Flawless Execution of Well Received Sukuk

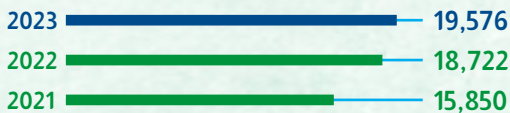
In July, we completed a heavily oversubscribed Sukuk as part of our USD 2 billion Trust Certificate Issuance Program, with the proceeds used to finance the redemption of our previous Sukuk. The issue was conducted to raise USD 750 million, and demand exceeded availability by 7.7 times.

The 10-year Sharia-compliant debt instrument was priced at 5.25%, which indicates a de facto credit rating of BBB+ versus our official BBB-.

The success of our Sukuk, which won the Asset Triple “A” Islamic Finance Award for 2023, further confirmed the market’s approval of our business strategy, recognizing our long term fundamentals and growth prospects, the quality of our balance sheet and investor trust.

Revenue

(SAR million)



Segmental Results

Our Dairy business unit reported revenue growth of 4.6% in 2023, notwithstanding ongoing industry-wide challenges that included further devaluation of the Egyptian Pound, impediments to supply and steep inflation in the cost of essential commodities and animal feed.

The economic recovery in our core markets played an important role in helping the Juice division to deliver a solid performance, with notable revenue growth in our fresh juices, making a material contribution to the business unit's overall profitability and a 6.3% decline in revenue.

Our flagship Poultry business had an outstanding year, thanks to a surge in volumes to new record highs. Revenue growth of 16.8% was particularly exceptional considering the high base reported in 2022.

Bakery also had a very good year, with revenues topping SAR 2.6 billion thanks to substantial volume and value growth across the entire portfolio of products.

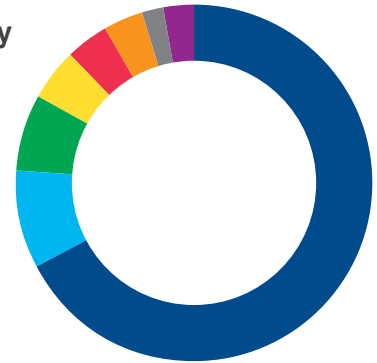
Geographic Results

Normalizing conditions in our core GCC markets were accompanied by an increase in religious and other tourism, as well as a population growth. This spurred volume growth created a higher demand, particularly in our Retail and Foodservice channels. The latter has become very important in our coverage and reach in the region, having grown from a negligible contribution in 2017 to more than SAR 3.2 billion in 2023, and offering the potential to more than double this over the next five years.

Sales by Geography

(SAR million)

■ KSA	13,188
■ UAE	1,760
■ Egypt	1,322
■ Kuwait	950
■ Oman	751
■ Jordan	680
■ Bahrain	390
■ Qatar	14
■ Others	520



Financial Outlook for 2024

The momentum we generated in 2023 will accelerate further next year as we reach full force in our strategy execution. Consequently, we are optimistic about our top-line growth, where we anticipate material improvement in volumes.

This will be accompanied by continuing efficiency gains enhancements, which we fully expect will result in the further amplification of our margins.

In the coming years, we continue to look for strategic investments aimed at building on our foundations for future growth in addition to our organic growth.

The Group's net debt to EBITDA at the end of 2023 reflects our current under-leveraged position, but this is expected to change in future years as we take on new borrowings to finance our investments and growth strategy.

SAR million	For the year ended 31 December				
	2023	2022	2021	2020	2019
Operational Performance					
Revenue	19,576	18,722	15,850	15,357	14,351
Gross profit	6,051	5,624	5,059	5,536	5,367
Operating profit	2,694	2,276	2,015	2,522	2,473
Profit attributable to shareholders	2,049	1,760	1,564	1,984	1,812
Balance Sheet					
Net working capital	4,521	3,785	3,043	3,623	3,048
Property, plant and equipment	20,808	20,115	20,873	21,113	21,951
Right of use assets	474	499	465	470	461
Biological assets - Non-current	1,742	1,565	1,469	1,392	1,381
Intangible assets and goodwill	1,124	1,146	187	1,218	1,129
Investments in associates and joint ventures	5	6	89	90	88
Net debt	9,437	9,054	9,201	10,749	11,955
Total equity	17,809	16,983	16,618	16,234	15,259
Total assets	36,194	32,074	31,754	32,344	33,148
Total liabilities	18,385	15,091	15,136	16,111	17,889
Cash Flow					
Cash flow generated from operating activities	4,483	3,829	4,915	4,203	4,732
Additions to property plant and equipment and intangible assets	(2,530)	(1,334)	(1,364)	(824)	(1,517)
Free cash flows*	1,179	1,842	3,101	2,830	2,602
Key Indicators					
EBIT to sales	13.8%	12.2%	12.7%	16.4%	17.2%
Return on net operating assets	9.8%	8.5%	7.4%	9.1%	8.9%
Net debt to equity ratio	53.0%	53.3%	55.4%	66.2%	78.3%
Net Debt to EBITDA	2.1x	2.3x	2.6x	2.7x	3.0x
EPS - Basic	2.08	1.79	1.59	2.02	1.83
DPS	1.0	1.0	1.0	1.0	0.85

*Net of investments and time deposits



Business Model

Our business model is structured to deliver on the promise of “Quality you can trust”. It is tailored to our commitment to ongoing improvement and exists as a guiding force for operations across the Company. The business model enables management and staff to work in accordance with a clearly defined operating framework. It facilitates the practical application of a working culture that has efficient and effective process management at its heart.

Inputs

Best-loved brands

- Thirty-one leading brands

Raw materials

- 1,910+ suppliers
- Supplying 61,963 items
- SAR 10.2 billion spent on materials in 2023

Innovative people

- Workforce of 46,233 inspired by innovation
- World-class training and development program
- 63 nationalities

Leading innovation

- Innovation system and processes
- New product development to delight consumers

Advanced manufacturing

- Four ultra-modern Dairy and Juice processing facilities
- State-of-the-art infant nutrition facility
- Three Bakeries
- Fully integrated Poultry plant

Strong financial support

- Robust financial management, low leverage
- Access to funding from global capital markets
- Strong working capital and capital expenditure control

Outputs

01

Shareholder value

- For 45 years, consistent delivery of strong returns to shareholders
- Almarai is committed to creating shareholder value by paying dividends and realizing compelling returns for long-term investors

02

People

- Almarai is recognized among the GCC’s best employers
- All staff are encouraged to participate in training and develop their careers

03

Society

- Social responsibility and sustainability programs designed to support Vision 2030
- Connecting all levels of society and the environment from helping children in need to reducing our environmental footprint

04

Consumers

- Delighting consumers across the Middle East with healthy and nutritious food and beverages, at affordable prices from a brand they know and trust.



How We Do It

Best-in-class manufacturing

- Cutting-edge technology to mass produce nutritious products while reducing costs (Manufacturing 4.0)
- Continuous facilities expansion and renovation
- Meeting growing demand

Crop cultivation and selection

- Animals consume highest quality feed
- Almarai imports 100% of its yearly green fodder requirements through its overseas arable operations

Innovation in our DNA

- Commitment to innovation is a core value
- Innovation underwrites the Almarai quality culture
- Digitalization of production and automation of business processes

Exceptional transport and logistics

- Transport and Logistics division larger than any logistics company in the Middle East
- More than 10,000 vehicles deliver 2 billion kg's of product on time and in perfect condition

Extraordinary care for farm

- Dairy herd and Poultry flock have 24-hour veterinary care
- Temperature controlled housing
- Highly nutritious feed
- Ensure maximum yield and first-class end products

Consumer insights and powerful branding

- Earned the trust of consumers to become one of the Middle East's most trusted brand
- Ongoing feedback process for maintaining quality and consumer satisfaction



Adding Value



Commitment to quality:

- "Quality you can trust" is in our DNA
- The Almarai Quality 4.0 program covers processes, people and technology, unifying the quality architecture across the Group
- Core values (ASPIRE) are directly connected to our world-class quality management system
- All business units served by Sales and Supply Chain (Procurement, Distribution, and Logistics) and other corporate functions
- Exports team to grow opportunities for sales beyond the GCC



Business unit structure:

- Management focus on end-to-end sales, profitability and return on Net Operating Assets (RONOA) for each business unit



Almarai innovation management:

- Stage-gate innovation management process captures product ideas, managing them to final launch
- 75+ projects in the pipeline to meet new consumer trends and maximize operational efficiency

Strategy: Almarai 2025

Our robust growth strategy remains in place, a testament to the resilience of our foundations. Almarai continues to commit record levels of investment in poultry, committing to double our supply through targeted investments over five years.



2025 Aspiration

Mission

To provide quality and nutritious food and beverages that enrich consumers' lives every day.

Vision

To grow our leading position as the trusted choice for food and beverages in the region, delighting consumers with quality nutrition every day.

Values (ASPIRE)

ADAPTABLE | SHARING | PASSIONATE | INNOVATIVE | RESPECT | EXCELLENCE

The Key Drivers of the Strategy are:

Strong focus

on operating efficiencies and asset optimization and cost control

Increased investment

in innovation and marketing

Expansion into new growth areas, organically and via acquisition

Technology enhancements, with a focus on digitization



Goals By 2025

~1.5x market growth

RONA > WACC+2%

Top quartile
employee
satisfaction

Preferred
consumer brand

Almarai's 2025
sustainability goals

Where To Play

Focus on GCC's core full potential

- Strongly grow Poultry
- Expand Foodservice footprint
- Grow market share in Foods and Long Life milk
- Develop UAE footprint
- Continue to strengthen Egypt and Jordan operations

Evaluate and action high-potential new growth opportunities

Adjacent categories

Beef, Fish, Ice Cream, Other

New geographies

Markets where Almarai can leverage it's capabilities to create value

How To Win



Operational efficiency

- Cost reduction
- Asset utilization
- Distribution model optimization
- Channel profitability management



Operating model and talent

- Simplification and agility
- Delayering
- Organizational design
- Offshoring/outsourcing
- Performance-based culture
- Saudization
- Succession planning



Digitization

- Core system modification
- Process standardization and automation
- Digital and advanced analytics capability-building



Active M&A process

- Expansion of core businesses
- New categories
- New geographies
- Vertical supply

Case Study: Brioche

**L'USINE BRIOCHE BREAD, BUNS AND ROLLS:
A STRATEGIC EXPANSION CAPTURES MARKET LEADERSHIP**



Leveraging Consumer Trends

L'usine, a leader in fresh and wholesome bakery products, identified a strategic opportunity within the evolving Saudi Arabian market. Consumers increasingly sought premium experiences, and the brioche bread category presented a gap – dominated by high-priced imports. Recognizing this unmet need, L'usine embarked on a targeted expansion with the launch of L'usine Brioche Bread, Buns and Rolls.

Crafted for Quality and Value

This new line wasn't simply a product launch; it was a strategic response to market demands. L'usine leveraged its expertise in bakery goods and commitment to quality to develop a superior brioche offering. High-quality ingredients were meticulously sourced, and a unique recipe was crafted to deliver a luxurious and delicious brioche experience at an accessible price point. The thick-sliced bread catered to French toast enthusiasts, while the butter-glazed bun offered a gourmet burger foundation. Versatile rolls expanded possibilities for sandwiches and other creations, meeting diverse consumer needs.

Targeted Launch and Measurable Success

The launch campaign emphasized the premium recipe and the ability to recreate a gourmet experience at home. Focused primarily on supermarkets, this strategic approach yielded impressive results. L'usine captured a commanding 79% market share within the brioche bread category, demonstrating the resonate with consumer preferences.





Data-Driven Refinement and Industry Recognition

L'usine's commitment extends beyond launch. Key performance indicators were closely monitored, and stakeholder feedback was actively incorporated. Strategic planograms optimized product placement, further enhancing the impact of the brioche line. This data-driven approach and unwavering focus on quality were recognized by NIQ Bases, awarding L'usine Brioche Bread, Buns and Rolls the prestigious "Breakthrough Innovation 2023" award.



Building on Success, Looking Forward

The success of L'usine Brioche Bread, Buns and Rolls serves as a testament to the company's strategic acumen and commitment to quality. By identifying market trends, developing innovative products, and prioritizing customer satisfaction, L'usine achieved market leadership. Looking ahead, the company remains committed to expanding its brioche offerings, catering to evolving preferences, and staying at the forefront of the bakery industry.



Saudi Vision 2030

As one of the world's largest food and beverages companies, Almarai is deeply committed to supporting the transformation and sustainable success of Saudi Arabia, in line with the goals of Vision 2030.

Our investments and initiatives support a range of Vision 2030 goals, including:

Food Security of the Kingdom

Almarai is committed to applying its full scale and capabilities to support Saudi Arabia's food security agenda on multiple fronts.

Our expansion in Poultry includes increasing our processing capacity, investments in new facilities and developing state-of-the-art poultry farms, aimed at boosting local poultry production.

In addition to Poultry, we have been expanding our Bakery production lines, with recent acquisitions aimed at enhancing local production and growing our existing product portfolio, including frozen bakery.

Our move into seafood and red meat production also underscores our commitment to diversifying our offerings and contributing to the nation's food security.

Almarai plays a pivotal role in strengthening the Kingdom's food security by investing in local production capabilities and adopting sustainable practices.

Local Employment

As one of the largest employers in the Middle East, Almarai is actively supporting local employment, aligning our strategies with the goals of Saudi Vision 2030. With a focus on attracting, developing, empowering and retaining Saudis at every level of the Company, Almarai currently employs over 10,000 Saudi nationals across various business areas.

We partner with local universities to hire fresh Saudi graduates and seek world-class educational partners to enhance our Saudi employees' knowledge, skills and capabilities, positioning them for long and meaningful careers with the Company. These efforts support the Company's sustainable success

while integrating Saudi nationals into various sectors of the economy. We contribute to the Saudi Vision 2030's aim of raising workforce participation by nationals through our hiring policies and our overall expansion that creates more meaningful careers for Saudi nationals.

Economic Growth and Diversification

As a leading food and beverages industry player, Almarai plays a significant role in Saudi Arabia's economic growth and diversification. One of the key aspects of our contribution is through our extensive investment in the agriculture and food production sectors. In 2023, Almarai has invested over SAR 2.5 billion to build scale and capabilities of its business, including new manufacturing facilities, plants and operations across the KSA, which not only boosts local production but also reduces dependence on imports. By focusing on sectors like dairy, bakery, poultry and juice production, we are helping to build a more self-reliant food sector in Saudi Arabia.

Moreover, our commitment to innovation and quality has positioned Almarai as a food leader in Saudi Arabia and the wider Middle East region. Our focus on exporting our products to neighboring countries helps diversify revenue streams and reduce reliance on oil revenues.

Through these efforts, we contribute to the Kingdom's immediate economic diversification while also playing a role in shaping a sustainable and resilient economy for the future. Our growth and expansion in various food sectors align with the broader goals of Saudi Vision 2030 to create a diversified and sustainable economy.

Health and Wellbeing of Saudi People

Almarai's commitment to producing "Quality you can trust" plays a vital role in enhancing the health and wellbeing of the Saudi population. This commitment aligns with the broader goals of Saudi Vision 2030, which emphasizes economic diversification and the improvement of public health standards.

Protecting the Natural Environment

Almarai is committed to protecting the environment and natural resources, and we strive to reduce our environmental impact. We are focused on reducing our

direct waste and packaging and increasing our recycling efforts. We are dedicated to supporting and collaborating with our suppliers, farmers and consumers to help them make more sustainable decisions.

Our commitment to sustainability and environmental protection is a key aspect of our operations, aligning closely with the objectives of Saudi Vision 2030 and the Saudi Green Initiative. These national strategies emphasize the importance of sustainable development and environmental conservation as part of Saudi Arabia's future growth.



Key Performance Indicators

We have set Key Performance Indicators (KPIs) to monitor progress and to deliver on the objectives of our strategy. The KPIs address both our Vision and our quality-driven, consumer-focused working culture.

Vision

To grow our leading position as the trusted choice for food and beverages in the region, delighting consumers with quality nutrition every day.

Culture

Quality driven, consumer focused

KPI's 2023

2. Operations / efficiency:

- Optimize forecast accuracy
- Reduce wastage
- Optimize new facilities
- Improved end-to-end planning
- Pursue efficiency projects
- Complete central warehousing project
- Reduce out-of-stock

1. Growth drivers:

- Defend number one position in key product categories
- Drive market share in under-indexed categories
- Expand Foodservice
- Grow exports
- Accelerate Poultry momentum

3. Capabilities / enablers:

- Saudization, to maintain platinum in Nitaqat rating
- Leadership development across management grades
- Robust succession planning
- Upgrade systems to manage regulatory and operational changes

Corporate Scorecard

Net sales growth:

4.6%

Market share growth:

(In selected products)

0.50% to 0.75%

On track for the year 2025

RONOA on net operating assets:

9.8%

Nitaqat status

All categories in Platinum and high green



Operating Review

From farm to table, Almarai is the world's largest vertically integrated dairy company, operating across the value chain and throughout the region. Starting at our world-class farms and facilities in the heart of Saudi Arabia, with state-of-the-art production, processing and distribution operations, our diverse range of high quality products are delivered to more than 100,000 customers within the Kingdom and across the GCC, Egypt and Jordan every day.

Delivering quality products to consumers across the Kingdom is at the heart of our promise and is the foundation of our role in ensuring food security for the Kingdom. Millions of consumers depend on us each day to provide them with the highest quality, most nutritious dairy, juice, bakery and poultry products in the market. We repay this trust and loyalty through continuous consumer-focused innovation to ensure that every bite or sip of an Almarai product promotes health and wellness in line with our customers' evolving needs.

Production

We strive to produce quality and nutritious food and beverages that enrich Consumers' lives every day

Processing

Innovating to develop nutritious products

Distribution

Optimizing use of supply chain network and efficiency to maintain smooth and timely delivery of products



Food Service and Retail

Home cooks and consumers

Consumers in and out of home channels

(hotel, restaurant, and catering)



Operating Review

Dairy

Almarai’s flagship Dairy business unit benefited from a robust economic recovery in our key markets, delivering substantial volume and revenue growth in 2023 off the high base achieved in the previous year.

Stable conditions in our geographic markets were complemented by a rigorous internal approach to managing rising costs, laying the foundations for Dairy to capitalize on a resurgence in demand and excellent financial discipline, ensuring that we retained our leading market share.

Managing inflation successfully

Total Dairy revenues grew 4.6% to SAR 11,348 million, with the business unit substantially contributing to the overall revenue and profitability of Almarai. This performance was especially notable given the negative impact of the pressure from high input costs.

Growth in our core Dairy and Food categories, Fresh Milk, Cream, Jar Cheese, Honey, etc. played a key role in improving the overall profitability of the business unit. We were particularly gratified by our success in absorbing steep inflation in the cost of fully imported feed for our dairy herds, however due to prudent higher cover against this risk, this benefit will only materialize later.

Greater coverage of all markets

During 2023 we invested in strengthening Dairy’s coverage and reach across all channels in the GCC to improve consumer convenience by making our product range available everywhere. We improved our coverage in Traditional Trade by placing more Almarai coolers, making

SAR 11,348 million

Total Dairy Revenue for 2023
vs. SAR 10,844 million in 2022.

Total Dairy Revenue (SAR million)



Value Share of Saudi Market

(Dec 23 MAT)

	Market Share	Market Position
Laban:	62.2%	1
Fresh milk:	63.8%	1
Zabadi:	62.7%	1
UHT:	16.9%	2

our quality products more readily accessible to our loyal consumers. Additionally, the strategic acquisition of PepsiCo's operations in Jordan and Egypt, both primarily dairy businesses, will further strengthen our presence in these markets.

Innovation momentum

In line with our impressive track record of innovation to cater to consumers' evolving preferences, we successfully launched a new 1.4 liter bottle for milk and laban in Saudi Arabia, Kuwait and Bahrain and our popular vegetable dips range was expanded to include more options.

We also launched a new Premium Sub-Brand called "Marvello" to meet consumer demand for a more nutritious, delectable and fresh cheese selection with a distinctive taste yet an indulgent cheese. Using high quality ingredients from farms in the Alps, we introduced Marvello Cream Cheese, a premium whole dairy cheese that provides a unique experience.

Almarai brought to market a new value-added beverage called "Almarai Protein Milk" to delight consumers looking for protein products. With 34g of protein, this unique fat-free product comes in a range of popular flavors and is fortified

with vitamins and minerals, providing our consumers more than 60% of daily adult protein requirement to fuel their active lifestyles.

Recognition for innovation

Our Dairy business continued its award-winning streak in 2023, bringing home the MMA Smarties Award for Communication and the SUPERSTAR Nielsen Breakthrough Innovation Award, both in the vegetable snacks category.

Dairy in 2024

Building on the positive trajectory of 2023, Dairy will continue growing across its core categories in the GCC, with specific emphasis on the UAE and Kuwait, in line with the Group's three-pillar strategy. This will include promoting consumption of our Fresh products among young consumers, expanding distribution - including across online and emerging channels - and continued origination of healthier products to meet changing consumer appetites and diets.

We will actively build demand for our UHT products and enter adjacent Dairy categories such as ice-cream.



Operating Review

Juice

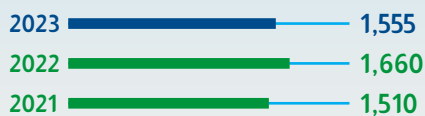
The economic recovery in our core markets continued its upward trajectory of 2022, enabling our Juice business unit to deliver a solid performance across our entire beverage portfolio in 2023. In particular, our line of fresh juices reported excellent revenue growth, making a material contribution to the business unit’s overall profitability.

As with our Juice business, stability in the market was accompanied by significant inflation in the price of commodities, nonetheless our exceptional financial management ensured that we absorbed these cost increases. This accomplishment, combined with population growth and higher tourism numbers in Saudi Arabia fueling expansion in Foodservice and Retail, also played an important role in the division’s strong performance in 2023. Total revenue in our Juice business unit declined by 6.3% to SAR 1,555 million.

As part of our three-pillar strategy to grow our core by consolidating and expanding in our key markets, we strengthened our coverage and reach across all channels in the GCC. This had the additional benefit of boosting consumer experience by making our product range conveniently available everywhere.

Total Juice Revenue

(SAR million)



Key Performance Indicators - KSA Market

Juice Value Share:	42.7%
Household Penetration:	71.6%
Household Frequency:	5.4%

No. 1
Rank in the
KSA Market

Listening to loyal consumers

In response to consumers increasingly opting for healthier beverages, we continued to expand our premium lines, juices in cartons and products with no added sugar. In addition, we focused on enhancing the performance of our core products by improving recipes to enhance flavors and further penetrate the market.

Driving growth via outstanding execution

During the year we launched several well-received marketing and promotion campaigns in line with our three-pillar strategy to continue augmenting our core markets. We were particularly pleased by strong product acceptance across key segments.

Over the summer we raised our Point-of-Sale (POS) visibility and carried out several marketing initiatives to promote summer flavors (such as citrus mix and cocktail mix).

Juice in 2024

In the coming year we will evolve our taste and goodness success story in the GCC and further develop our newer segments such as cartons and premium juices, investing in these product enhancements to deliver future growth.



Operating Review

Bakery

Almarai’s Bakery business had a successful 2023, with steady volume growth and a favorable product mix generating a substantial increase in revenue to SAR 2.6 billion. Margins improved to SAR 1.7 billion and the operating profit came in at a healthy SAR 0.5 billion.

Baking a Path to Success

Almarai’s Bakery division rose to the occasion in 2023, delivering a delectable performance marked by robust revenue growth, margin expansion and strategic advancements. Fueled by a commitment to “Quality you can trust,” the business baked up a winning formula, achieving impressive results and setting the stage for an even sweeter future in 2024.

Building on a Solid Foundation

The year saw total Bakery revenue climb 6% to SAR 2.6 billion, highlighting steady volume growth and a strategic product mix. This translated into an operating profit of SAR

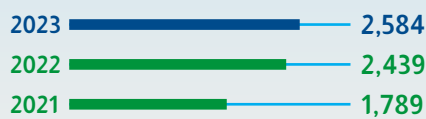
0.5 billion, demonstrating the division’s strong profitability and ability to convert top line growth into a healthy bottom line.

Flourishing Core Portfolio

At the heart of this success lies Almarai’s unwavering focus on its core Bakery portfolio encompassing bread, snacks and treats. Guided by the desire to be the “Consumers’ preferred brand,” the business prioritized quality and market leadership, constantly striving for excellence. This dedication proved to be the leavening agent that lifted the division to new heights.

Total Bakery Revenue

(SAR million)



SAR 2,584
million

Total Bakery Revenue for 2023
vs. SAR 2,439 million in 2022.

L’usine and 7DAYS introduced seven new products, with launches in 2023:

- L’usine Chocolate Sandwich
- L’usine Flaky Butter Puff – Cheese
- L’usine Flaky Butter Puff – Strawberry
- L’usine Oat & Honey Bread
- 7DAYS Bake Rolls – Date and Cinnamon
- 7DAYS Bake Rolls – Milk and Butter
- 7DAYS Enrobed Cake Bar – Caramel

Sprinkling in Innovation

Almarai recognizes that consumers have evolving tastes and desires. In keeping with this, innovation remained a key ingredient in the bakery recipe. New launches like the award-winning L'usine brioche bread and buns, oat & honey bread, and 7DAYS date and cinnamon bake rolls catered to preferences for convenience, health and premium quality. These delightful offerings were not just met with critical acclaim but also resonated deeply with consumers, solidifying Almarai's position as a trendsetter in the bakery landscape.

Investing in the Future

With an eye on the future, Almarai Bakery has committed to a strategic investment of SAR 405 million in a new manufacturing plant. This state-of-the-art facility will not only expand production capabilities but also pave the way for the introduction of exciting new offerings like frozen and artisanal products. This bold move underscores the division's dedication to continuously evolving and meeting the dynamic needs of its customers.

Sweetening the Future

Looking ahead to 2024, Almarai Bakery has meticulously crafted a recipe for continued success. The focus will be on driving top-line growth across all Bakery categories, with particular emphasis on enhancing the already popular Bakery portfolio. Targeted marketing efforts will further solidify brand leadership, ensuring that Almarai remains the go-to choose for consumers seeking delectable and innovative Bakery products.

By building upon its strong foundation, fostering a culture of innovation and making strategic investments, Almarai Bakery is poised to continue its upward trajectory in 2024 and beyond. This exciting journey promises to deliver even more delicious results for both consumers and the business itself, proving that Almarai is truly baking a path to success.



Operating Review

Poultry

In 2023, our market-leading Poultry business unit continued building on the successes achieved in the previous years, growing fresh poultry volumes in both the Retail and Foodservice channels. This was supported by a record production in excess of 250 million birds at our recently expanded plant in Hail region.

Almarai’s achievement of new highs in volume supply with an expanded daily processing capacity of 850,000 birds furthered one of the aims of Vision 2030 to entrench Saudi Arabia’s poultry industry as a major contributor to the Kingdom’s food security.

Record revenue growth

With our new production and processing capacity online for a full financial year, our total volume rose 14% to 209 million metric tons (MT), which resulted in revenue growing 17%, off the high base achieved in 2022, to a record SAR 3.5 billion. Margins improved over the 2022 results, with segment profitability growth again reflecting inflationary pressures in feed stock and transportation costs.

Consistent supply, exceptional service level and Alyoum brand power drove a healthy sales volume growth of 13%

in Retail and 11% in Foodservice. Almarai Poultry’s market share value across all retail channels in the Kingdom’s fresh poultry segment rose to 40%. In Kuwait and the UAE, market share volume reached 87% and 19% respectively. Almarai, through its brand Alyoum and its largest logistics network in the GCC, continued to lead within the fresh market in Kuwait and the UAE.

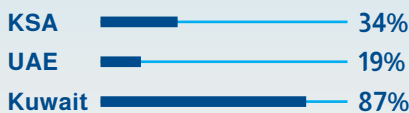
Alyoum notches up new achievements

Our flagship brand Alyoum, which accomplished volume growth of 25% in Retail, maintained its first-place ranking in the market with an unmatched consumer awareness score of 95% in Saudi Arabia. Nielsen’s retail audit in 2023 showed Alyoum as the fastest growing poultry brand in Saudi Arabia.

As a result of our successful “Sarah and Mama Sarah” communication campaign in Saudi Arabia, Alyoum has

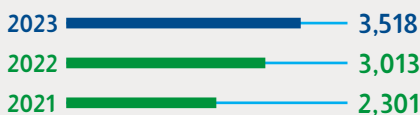
Poultry Market Share

(by volume)



Total Poultry Revenue

(SAR million)



SAR 3,518 million

Total Poultry Revenue for 2023
vs. SAR 3,013 million in 2022.

New Products in 2023

- Breast Fillet Individually Packed
- Mixed Portions with Breast
- Whole Chicken 4 Pieces Cut
- Whole Chicken Shawaya
- Mixed Parts Biryani

achieved the highest brand loyalty among all poultry industry brands in 2023, according to Kantar Household Panel.

Investment program makes solid progress

In 2022 we announced land signings in the Alshamli-Hail region for a new facility to process 150 million birds, and projects in Al-Jouf to increase our hatching capacity by 150 million eggs. Construction commenced in 2023 on these projects, which comprise part of the SAR 6.6 billion investment to double Almarai's poultry capacity by 2026. New breeder and broiler farms, a hatchery, a feed mill and a new processing plant are underway.

We made excellent progress in our strategy to become the largest poultry company in the GCC region, with Saudi Arabia remaining the base of operations, while sales and distribution are located in our other primary Gulf markets. Almarai, which already has the largest logistics network in the region continued to expand its reach and coverage, ending the year with a 6% increase in the number of customers served across all channels.

New trends driving product launches

We maintained our rigorous momentum in product innovation during 2023, broadening our range in response to growing demand in Saudi Arabia for convenience products. We launched Breast Fillet Individually Packed, Mixed Portions with Breast and Whole Chicken 4 Pieces Cut.

In the UAE, we introduced a range of skinless products to meet changing consumer needs in that country. Our ready-to-cook range was complemented in the KSA by the addition of Whole Chicken Shawaya and Mixed Parts Biryani, further cementing our strong leading positioning and 48% market share volume in this segment.

Customer experience driving growth

Almarai's Retail business focused on improving customer experience this year, which included expanding the number of leak-free products and proactively promoting them across various channels.

Shoppers also benefited from new visibility and navigation tools introduced into supermarkets, while the number of Alyoum fridges in neighborhood stores was also increased, ensuring that more of our loyal consumers can access the freshest poultry products daily.

In Foodservice, we continued to offer the highest quality service to our loyal customers and a full-solution of products where Poultry is a main driver. In 2023 Poultry delivered solid growth of 11%.

Poultry in 2024

We fully expect to break new records in bird processing and volume sales, while continuing with our infrastructure and capacity rollout as part of our expansion in Alshamli-Hail and Al-Jouf. Almarai will also further consolidate and defend its market-leading position across channels and countries.



Risk Management

Risk Management and Internal Control Framework

Almarai has defined its risk management process according to the COSO Framework principles, which define industry best practice. Almarai's Board of Directors and senior management use these principles in the course of setting its strategy and making decisions. Management then plans, organizes and directs the performance of sufficient actions to provide reasonable assurance that the Company's objectives, stated below and articulated as per the COSO Framework, can be achieved while ensuring that associated risks are kept within an acceptable risk level.

The Company's internal controls and risks are grouped within the COSO Framework categories:

- Strategy – high-level goals, aligned with and supporting the Company's mission
- Operations – effective and efficient use of resources
- Reporting – reliability of financial reporting
- Compliance – compliance with applicable laws and regulations

Internal Control Participants

Senior management and oversight

Senior management is responsible for Almarai's Internal Control System, while the Audit Committee is responsible for oversight of the effectiveness of Almarai's internal controls over financial reporting. To this end, senior management relies primarily upon the finance function and various second line of defense functions disseminated throughout Almarai, assurance providers, such as the quality audit team, the risk champions and the operational reporting lines (by business locations, regions, business units and/or subsidiaries).

Corporate Finance Department

The Corporate Finance Department is responsible for the finance function within the Company, both directly through centralized functions (Financial Planning and Analysis; Financial Policy and Regulatory Compliance Consolidation; Treasury and Financing; Tax; Corporate Legal) and through functional ties with the financial controllers of the various business locations, regions, business areas and subsidiaries.

The Corporate Finance Department's additional responsibility regarding risk management and internal control consists of a direct oversight over regulatory and compliance-related matters. The Chief Financial Officer (CFO) chairs monthly meetings of the Finance Executive Committee, which comprises Corporate and Divisional

Finance; Legal, Business Systems Department, Investor Relations, Treasury and Risk Management and Internal Control.

Risk Management

Almarai's risk identification and risk management system adopts the COSO-based Enterprise Risk Management Framework geared to achieving an entity's objectives. The risk management function comprises a dedicated corporate team as well as one assigned risk champion in each business area. The function is overseen by the Executive management team and the Risk Committee. The process of identifying and managing Almarai's risks is described below under the subheading "Risk Identification and Assessment".

Internal Control Department

The Internal Control Department comprises a dedicated central team, which is supported by a network of local Finance Managers who report to the Corporate Managers of the business areas, but who are ultimately answerable to the CFO. The role of these Finance Managers is to ensure, through close and recurrent controls, that the Company's policies and procedures are properly applied within their area of the Company. The Internal Control Department's main responsibilities are as follows:

- Ensuring Company-wide implementation of Almarai's Internal Control Framework
- Defining (i) priorities related to internal control and (ii) the methodology to be used for self-assessment, its testing and documentation
- Managing and analyzing (i) the internal control indicators and (ii) the results of the assessments and action plans implemented by the community of Finance Managers
- Supporting and overseeing Finance Managers through coordination, communication and training initiatives
- Identifying gaps in current policies and procedures and recommending changes to the Policies Group

Internal Audit Department

Almarai has a fully developed and independent Internal Audit Department reporting directly to the Audit Committee on all functional matters. The Internal Audit Department develops a risk-based audit plan that the Audit Committee reviews and approves annually. All control gaps identified during the audits are discussed with senior management and remediation plans along with expected timelines are agreed. The Internal Audit Department independently follows up to ensure gaps are closed as expected. The Head of Internal Audit reports quarterly to the Audit Committee on all key matters and provides the

Committee (and, through the Committee, the Board and the shareholders) with overall assurance of the effective operation of internal control systems.

Other internal control participants

Apart from the financial governance in place within Almarai, the following departments perform regular internal reviews to ensure operational effectiveness and compliance with industry benchmarks and standards (ISO: 9001:2015, 14001:2015, 22000:2005, 27001:2013, 45001:2018, 31000:2018, 22301:2019 and FSSC 22000):

- Quality, Regulatory, Health, Safety, Security and Sustainability (QRHSS&S)
- Manufacturing
- Farming
- Sales Distribution and Logistics
- Information Security
- Enterprise Risk Management
- Business Continuity

Internal control and risk management process

The internal control and risk management processes consist of the following six closely related components:

- Risk governance and ownership
- Control environment
- Risk identification and assessment
- Control activities
- Dissemination of information
- Continuous monitoring

Risk Governance Model

Aligned with industry recognized and adopted best practice, Almarai operates a three lines of defense model to ensure accountability across the Company for governance, management and reporting of risks and the control environment.

Control Environment

The aim of the control environment is to make staff aware of the usefulness and necessity of internal control. Such awareness is the foundation of all other components of internal control. Almarai's control environment is based on the following:

- Almarai's core values, which are widely communicated across the Company
- Almarai's Corporate Governance Rules, updated and approved by the Board
- Human Resources and social policies, particularly regarding employee development and training

- Directions given by the Board of Directors and Almarai's Executive management to achieve continuous improvements in all operating procedures
- Standardization of Almarai's operating processes and the regular use of a single integrated information system for the majority of functions
- Deployment of the Almarai operating processes and the single integrated information system across all Almarai subsidiaries and geographies
- Overlay of Almarai's Internal Control Framework and Company-wide authority matrix, which is periodically reviewed to ensure that the Framework is up to date
- An intranet providing standardization and governance documents that allow staff within Almarai's financial and non-financial community to stay abreast of Almarai's internal control and quality best practices
- Written guidance on internal control, assessment and remediation distributed each quarter by the Internal Control Department

Risk identification and assessment

Almarai defines risk as "The possibility of an event occurring that will have an impact on its essential business processes and activities or the compliance, reporting or strategic objectives of the Company". Risks are evaluated via a combination of the consequences of an event and the likelihood of its occurrence.

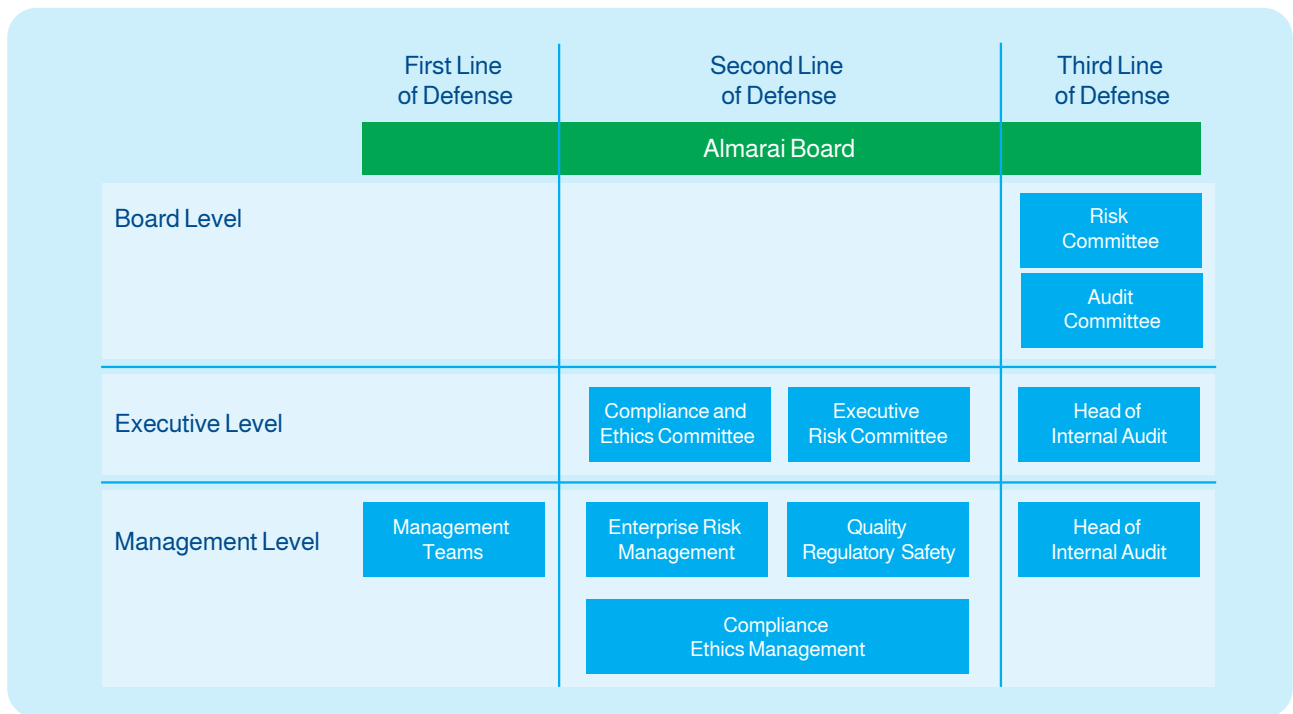
Almarai's approach to risk

Almarai has developed a methodology to manage potential business risks. This is aligned with recognized industry standards and best practices, based on: the COSO Enterprise Risk Model – Integrated Framework; and ISO 31000:2018, Risk Management – Principles and Guidelines.

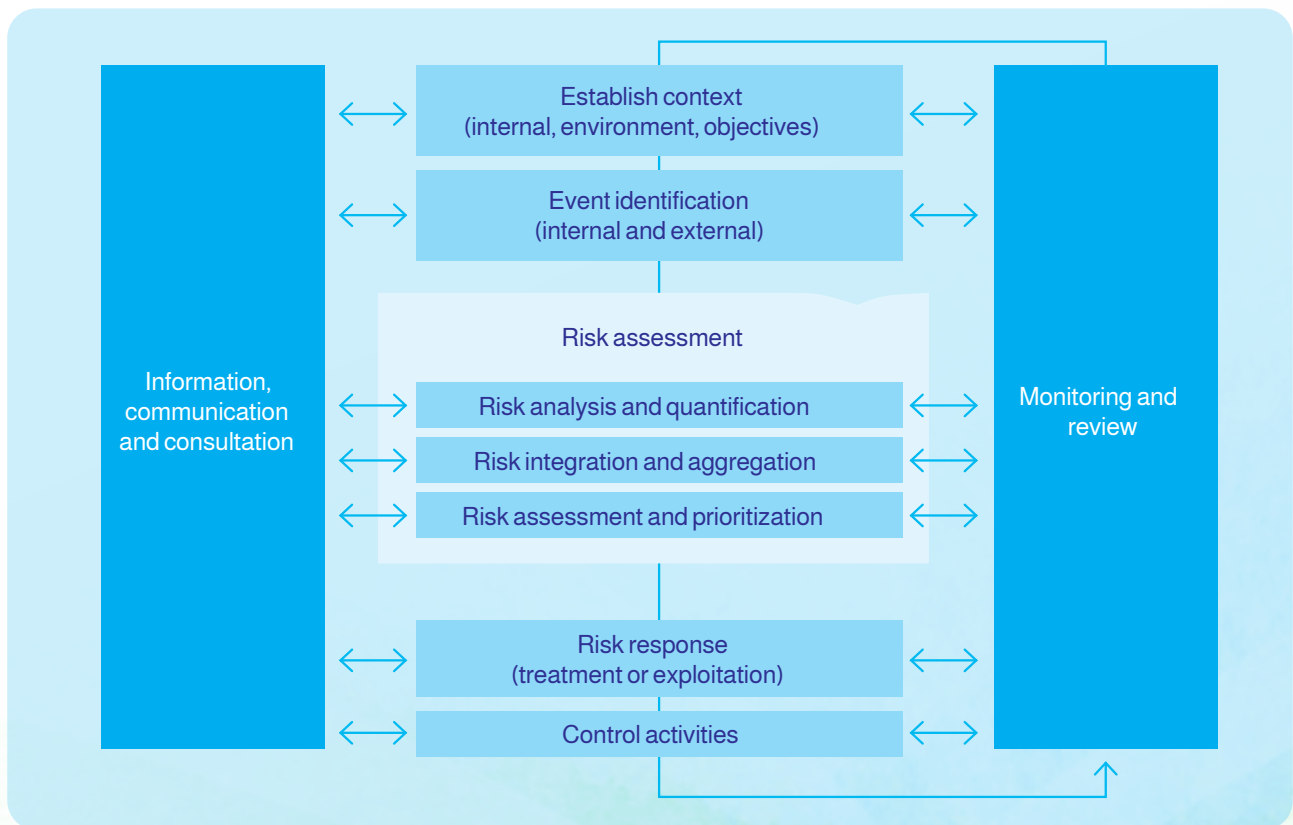
The methodology is reviewed regularly and, where necessary, adapted to ensure it evolves with the Company's business needs, thereby allowing Almarai to manage risks effectively and efficiently, supporting the achievement of short and long term objectives.

The Almarai Risk Management Framework is aligned to the COSO model components, and the process defined in ISO 31000:2018. This cyclical process is supported by Almarai's Enterprise Risk Management (ERM) function through the provision of education, training and monitoring, review and assessment through guidance to business management teams and the use of an ancillary toolset for recording, analyzing and reporting on risks.

Risk Governance Model

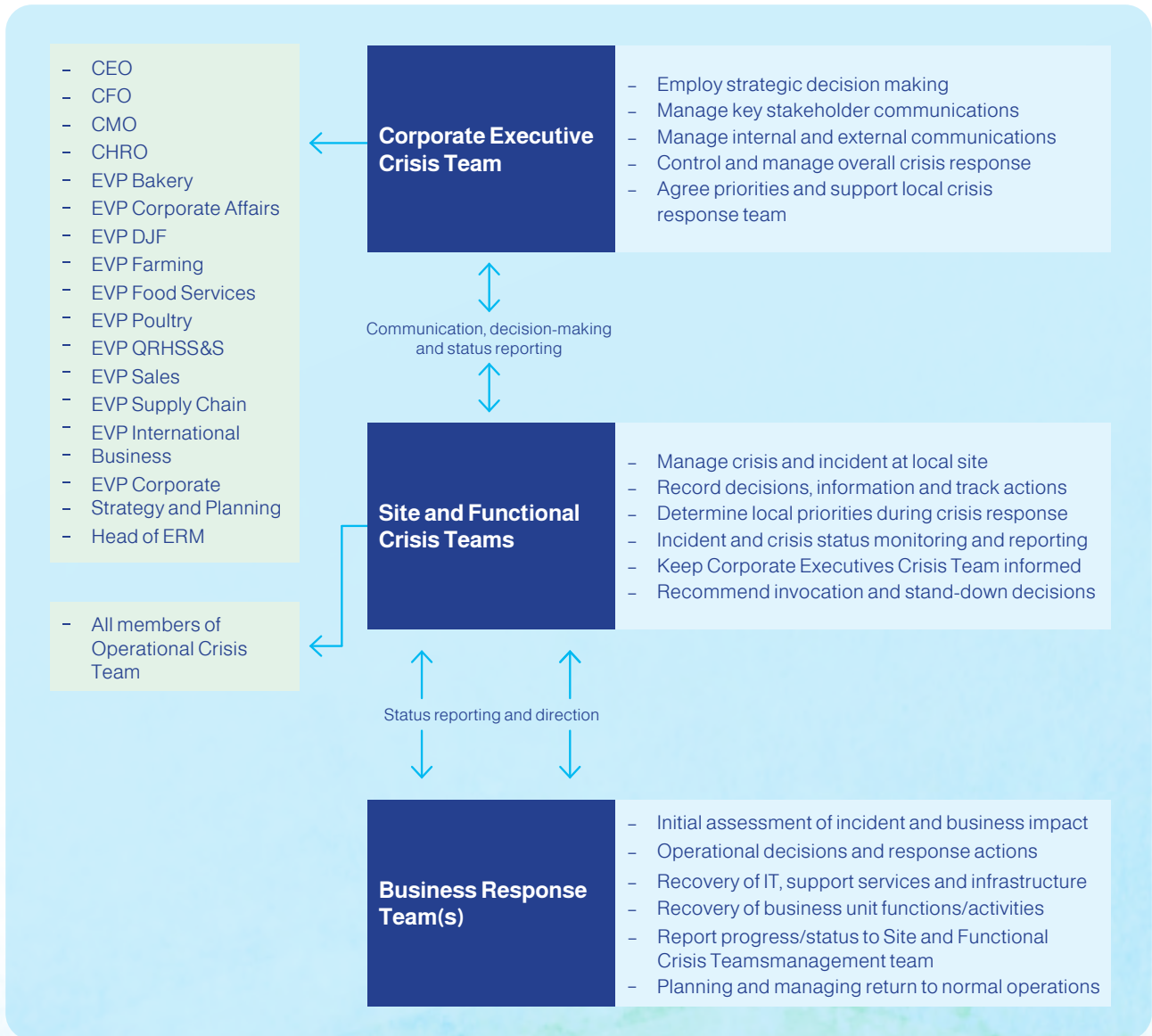


Almarai's Risk Management Process (ISO 31000:2018)



Almarai Crisis Management Structure (CMT)

Almarai has developed a major incident and crisis management protocol that can be activated if an abnormal or unstable event threatens the Company’s strategic objectives, reputation or ongoing viability. The approach to these types of incidents is based on industry standards and best practice. It incorporates a three-tiered response system to ensure rapid decision-making and action:



Risk Monitoring

Almarai's business risk register is reviewed quarterly by the risk champions and respective Executive Vice Presidents of each business area. It is then consolidated and challenged by the ERM Department at Almarai's corporate head office. The ERM Department presents the most critical and significant risks that Almarai faces to the Company's Chief Executive Officer, CFO and all other Executives. A map of Almarai's major risks and risk mitigation plans is reviewed and assessed and this work serves as the basis for the presentations made to Almarai's Audit Committee and Risk Committee.

Other Elements of Risk Identification and Analysis

Procedures such as competitive monitoring, training, risk prevention and protection, along with the initiatives of specialized departments such as the Quality, Regulatory, Health, Safety and Security Department, Business Continuity, and Information Security, all contribute to the identification, analysis and management of risks.

The Quality, Regulatory, Health, Safety and Security Department also helps to identify threats against Almarai's employees and assets. Almarai's Business Continuity function uses information in risk maps to identify potential crises and to prepare appropriate responses in all cases.

Control Activities

Control activities are intended to ensure the application of the standards, procedures and recommendations that contribute to the implementation of financial policies. All business areas use a quarterly self-assessment process and send the results to the Internal Control Department, which analyzes them and sends summaries to relevant stakeholders. Appropriate action plans are put in place by the entities under the supervision of the Internal Control Department with the aim of facilitating continuous improvement. Internal reviews are subsequently carried out to validate that corrective measures have been taken. In addition, the performances and results of each operating unit in the area of internal control are regularly and systematically monitored by the Management Committee of the relevant entity.

Transmission of Information

Appropriate information is identified, collected, quantified and disseminated in a manner and within a time frame that enables each person to discharge their responsibilities. To this end, Almarai relies upon:

- Its organization and information system, which facilitates the communication of information needed for decision-making
- Training sessions for the network of risk champions, divisional teams and internal controllers, including workshops and information-sharing seminars

Almarai also uses an intranet site and various documentation database systems that enable information to be shared within the Company. This information includes not only financial information but also non-financial information that meets the needs of the various operating and administrative departments. Since 2011, Almarai has used social media to help transmit information and develop communication and experience sharing.

Continuous Monitoring

The internal control system's performance is ensured by the Internal Control Department, which reviews, updates and reports regularly on the operation and effectiveness of the established control structure. In addition, Corporate and Business Finance Managers, at a corporate level, obtain reasonable assurance through various layers of review and monitoring.





المطبخ
Prayer Room

ماكينة الصرف الآلي
ATM



Stakeholder Engagement

We endeavor to maintain an active dialogue with stakeholders on a continual basis, whether consumers, investors, employees, regulators or civil organizations. In so doing, we use a range of communication channels that are most appropriate to their specific interests.

Historically, the most popular of our engagement programs has been the access we provide to the public at manufacturing facilities in Saudi Arabia. During the pandemic we made the decision to lock down all onsite facilities to ensure sustained production capabilities, restricting access for the public to visit our pioneering facilities. However, as our communities emerged to normality, we resumed our facilities visit program in the latter part of 2022.



Stakeholder Group



Shareholders and Investors



Consumers



Employees

How we engage

- Board meetings
- Public reports
- Disclosures
- Shareholders' Rights Policy
- Investor Relations
- Almarai Code of Conduct
- Reporting Violation Policy
- Global Anti-bribery and Corruption Policy and Procedures
- Investor day
- Annual General Meeting (AGM)
- Regular investors meetings

- Social media channels
- Visitor tours
- Website
- Call center
- Email

- HR Policy
- Training and development program
- Training needs analysis
- Employee grievance mechanism
- Employee relations WhatsApp number
- Employees whistleblowing via Almarai website
- Employee satisfaction surveys (ad hoc)
- Internal communication campaigns and programs

How often we engage

- Daily shareholder inquiries
- Weekly and monthly analyst meetings
- Quarterly disclosures
- Annually IR day
- Annual Report
- Upon inquiry

- Daily posting
- Weekly tours
- Annual website updates and publishing
- Upon inquiry

- Monthly Grievance Report and campaign communication
- Daily responses to WhatsApp tickets
- Monthly report on whistleblowing cases
- Employee engagement survey shared yearly with employees
- International and National Day's communications and events
- Celebrating employees' personal achievements (e.g. promotions, childbirth, etc.)
- Launched WE Ambassadors program
- Launched employee wellbeing programs, under the pillar WE Care, such as a mental health campaign, WE Support programs, a marathon and fitness time agreement

In addition to the above engagements, we recently published sustainability policies and position statements covering our aspirations on animal welfare, climate change, community investment, energy, environmental impacts of packaging, ethical sourcing, environmental policy, human rights, responsible marketing and water stewardship. This effort brings transparency for our stakeholders to everything we do. To enhance transparency and reliability for our stakeholder, Intertek Saudi Arabia Ltd, a third-party independent auditing firm, audited and assured our sustainability data and report as per ISAE 3000 standards.



Government and Regulatory Bodies

- Internal audit
- Stakeholder meetings and open dialogue
- Statutory reporting
- Working closely with regulators to develop improved standards of governance and reporting

- Annually, quarterly and ad-hoc, as required



Civil Society Organizations and Community

- CSR activities
- Student learning opportunities
- Food donations

- Weekly school activities
- Annual Almarai Awards
- Monthly sponsorships



Suppliers

- Identify and source suppliers against business requirements
- Business transactions
- Monitor and review performance through contract management
- Supplier relationship management programs
- Business review meetings and audits

- Daily business transactions
- Daily business communications
- Weekly reviews and meetings
- Monthly/annual visits and audits



Stakeholder Group



Shareholders and Investors



Consumers



Employees

Key areas discussed

- Financial results
- Production and growth
- Dividends
- Contribution to economic development
- Share price
- Data disclosure and credibility
- Material developments
- Market share
- Publicly disclosed data about Environmental, Social and Governance (ESG) performance, including strategies, targets and goals, methods for evaluation, policies and procedures

Actions implemented

- Fully implemented and adopted best investor relations practice

How we create value

Keeping shareholders updated on all material developments, with high transparency through:

- Tadawul
- Investor relations website
- Investor relations application

- Product and ingredients quality, freshness and safety
- Product nutritional value and health implications
- Product price
- Brand reputation
- Environmentally sound production practices
- Animal welfare
- Fair and ethical marketing
- International recognition and certificates
- Direct communication channels

- Fully implemented and adopted common practice

- Producing high quality products
- Ensuring availability of products
- Developing innovative new products based on consumer feedback and needs
- Keeping consumers informed and empowered by communicating key information and updates
- Resolving issues and providing a positive customer experience

- Fair payment and benefits
- Equal opportunity
- Engagement and motivation
- Transparent hierarchies
- Job security
- Training and career development
- Safe work environment
- Grievance mechanisms

- Fully implemented and adopted common practice

- Ensuring that employees can raise their inquiries, requests and complaints easily and anonymously
- Enhancing employee engagement, productivity and overall satisfaction
- Creating a positive work environment, increasing employee retention and improving organizational performance
- Creating awareness and engagement with employees





Government and Regulatory Bodies

- Compliance with national legislation and regulation
- Food security
- Contribution to economic development
- Environmentally sound production practices
- GHG emissions and impact on climate change
- International recognition and certificates

- Full compliance with existing framework and working to develop regional and global standards

- Contributing to food security in Saudi Arabia and key international markets
- Championing key F&B innovations for Saudi Arabia
- Setting a standard for our industry and markets for compliance, transparency and reporting
- Timely update of changes and new information from regulatory regarding best practices related to food and health safety



Civil Society Organizations and Community

- Corporate Social Responsibility (CSR) and engagement
- Funds and financial support
- GHG emissions and impact on climate change
- Data disclosure and credibility
- Animal welfare
- Environmentally sound production practices
- Contribution to social and economic development

- Fully implemented and adopted common practice and included in annual planning process

- Raising public awareness and care for the supported community segments and their causes
- Supporting activities and segments with products and services that engage and empower them



Suppliers

- Price
- Delivery and performance
- Innovation and sustainability
- Ethical and financial compliance
- Procurement process compliance
- Quality and food safety compliance
- Complaints, grievances and feedback

- Implemented action plans
- Ongoing performance monitoring, routinely and as part of procurement engagement with suppliers

- Business continuity
- Improving business relationships
- Improving suppliers' business visibility and stability through sharing our business plans and forecasts
- Promoting ethical business practices
- Compliance to laws and regulations
- Compliance to contractual obligations



People and Culture

Almarai is proud of its highly regarded safe and supportive working environment, which is a key contributor to our strategic objective of being recognized as an employer of choice in the industry and the wider region.

Almarai continued supporting the progress and skills development of its employees in 2023, aided by our ongoing investment in creating a vibrant and innovative workplace that unlocks progressive value for employees and the business. Our efforts in this regard come under the banner of WE@Almarai, a market-leading employee value proposition that sets Almarai apart and positions us as a leading employer in the industry in Saudi Arabia. Lying at the heart of our corporate culture, it aligns our employees with our vision, while also encapsulating the importance of engaging our people in delivering operational excellence and strategic progress.

In our journey to enhance transparency and compliance, we revised all employment contracts in line with legal requirements and ahead of digitalization and completed verification on Qiwa. We also revised and enhanced the HR executive work regulations which has been endorsed by the Ministry of Human Resources (HRSD), and we refined our Code of Conduct policy.

During the year we revamped our pay scale to reflect Almarai's ability to attract top talent, in line with market trends and industry best practice. The changes made will also play a significant role in our continuing recruitment and retention of Saudi nationals.

WE Pillars

WE@Almarai's four pillars, inspired by our brand values, are used to attract talent, strengthen culture and engage our people across the organization. The pillars are:



WE Care

Involves all employee-centered approaches and activations, including promoting wellbeing and a healthy lifestyle.



WE Evolve

Focuses on any new personal innovations, initiatives and talent, including art, music and technology.



WE Empower

Support our quality makers in their career path and achievements.



WE Celebrate

Includes celebrating any official days on a national and international level, as well as internal festivities.

WE are proud to share these success stories which are divided into four main pillars:

WE
Care
+1,600

WE
Evolve
+170

We
Empower
+120

WE
Celebrate
+930

Our year in numbers:

46,233*
Almarai quality
makers

10,213
Saudi
nationals

6,717
new hires in
2023

7,895
No. of
learners

87,319
No. of
learning hours

*Total HC that covers KSA, GCC, IDJ and Fondomonte entities of Almarai Company.

Ensuring Diversity and Inclusiveness

As a certified Gold Member of the Mowaamah program, Almarai applies the highest standards and practices in ensuring a working environment that is welcoming and accessible to people with disabilities.

We maintained our Nitaqat status in all categories in platinum and high green, while achieving the targets for Nitaqat professions as per the Company's agreement with the Ministry of Human Resources (HRSD) to improve the Nitaqat status of the Company.

Over the course of 2023, we furthered the Kingdom's objectives of developing its talent pool with our various initiatives. We hired around 1,370 new Saudi staff, including 368 trainees who joined from the Food Industries Polytechnic.

We hired more than 141 new females this year, with a particular focus on Executive and management positions, and 10 Saudis enrolled in our Tamheer program and 50 in our Cooperative Training (Coop) program.

Throughout the year, we continued to partner and fully comply with key government initiatives and mandates, reinforcing our position as a sector champion for the Kingdom. These included:

Qiwa – a government mandate that requires all companies in Saudi Arabia to have 90% of their contract documentation between employee and employer on the Qiwa platform. This protects the rights of employees by ensuring that they are able to review their current contract with their employer prior to approval.

Waad Campaign – a national training campaign with the aim of motivating the private sector to make use of training opportunities, the development of future leaders of the Kingdom and raising their participation in the labor market. Almarai actively participated in the event to recruit fresh graduates to join the Company.

Successful Partnership 2023 – an event that celebrates and promotes localization progress and achievements, together with government agencies, non-profit organizations, the education sector, training institutes and other partners.

Compliance with government requirements – Almarai is compliant with benchmarks set by the government across different initiatives, such as achieving a localization percentage in 13 projects that are integral to human resources and professional development. We achieved the target percentage of contract documentation (90%) and complied with the Wages Protection System (WPS), a government initiative to protect the rights of employees to be paid on time.

Almarai is also a supporter and signatory of a new agreement with the **Transport General Authority (TGA)** to help create and improve localization of transportation services within the Kingdom, by authorizing services provided and ensuring their safety.

Training and Developing our People

Our training courses and leadership programs offer Almarai employees opportunities to develop their skill sets and advance their personal and professional development. They have been carefully designed to address a wide range of needs, whether it be building on existing strengths, exploring untapped potential or acquiring mandatory skills that are indispensable in today's dynamic workplace.

Training and development programs include effective communication, problem-solving, decision-making, collaboration, critical thinking, creativity, leadership skills and emotional intelligence. Additionally, we offer training in functional skills such as data science and analysis, key performance indicators, digital transformation and other areas that are job-specific.

We believe that by providing accessible and impactful training, we create a culture of continuous learning and growth that leads to greater professional success while also supporting each employee's career aspirations.

Our learning and development strategy plays a key role in supporting Almarai's 2025 vision and contributing to the organization's long term sustainability and success. It aligns with Saudi Vision 2030, which aims to enhance the competitiveness of the Kingdom by providing Saudi citizens with the required knowledge, skills and competencies. By aligning our strategy with the Saudi 2030 Vision, we are actively contributing to the overall development and growth of both Almarai and Saudi Arabia.

Almarai Academy

Almarai Academy has a distinguished reputation for the learning opportunities offered to all employees. The Academy offers an exceptional leadership program and a variety of customized training courses and self-based learning solutions that are led by highly qualified professionals.

Our flagship programs give participants the opportunity for meaningful self-reflection and for developing new perspectives on their own leadership abilities. Various business-related subjects are incorporated to round out the ideal learning experience, ensuring that all participants gain self-awareness and the core skills necessary for effective leadership development.

Almarai Academy's suite of learning options is designed in collaboration with world-class business schools and training centers to prepare our leaders for the challenges of tomorrow. Each program is tailored to meet the skills and competencies required at every level of management and leadership. The Academy aims to empower Almarai employees to excel in their roles and contribute to the success of the organization.

Our learning and leadership offering is very successful and popular among our staff. In 2023, 1,898 employees participated in our courses, amounting to 41,913 learning hours. This level of engagement demonstrates Almarai employees' commitment to personal growth and their recognition of the value that the Academy adds to their professional journeys.

Food Industries Polytechnic (FIP)

FIP offers 12 diploma programs in five major domains: Farm Technologies, Food Technology, Maintenance and Repair, Technical Accounting and Food Supply Chain (Sales and Logistics). These diplomas include six months on-the-job training, and our short courses upskill or reskill existing employees in partner industries.

FIP and all its training programs are accredited by national and international accrediting bodies. FIP is a member of numerous international food bodies, including the American Institute of Baking (AIB), the International Association for Cereal Science and Technology (ICC) and ISEKI Food Association.

Since 2011, FIP has produced more than 1,900 graduates for the food industry, with 351 Saudi trainees in 2023 alone.

Building Digital Capabilities

As part of Almarai's strategy to drive digital transformation, Human Resources initiated the transformation journey by implementing SAP SuccessFactors core and talent modules to manage the complete employee "recruit-to-retain" lifecycle. Subsequent to achieving a critical milestone of implementing SAP SuccessFactors Employee Central, the core HR solution that supports HR processes and employee self-services was leveraged to optimize and enhance the existing talent solutions, from recruitment and objectives to performance management.

With the in-sourcing of a portion of HR Services, specifically organization management and position administration, the ManageEngine ticketing tool was implemented to support business users in managing all HR Systems-related queries and tickets.

The HR function is also in the process of implementing the SAP Analytics Cloud (SAC) solution across the HR domain, delivering insights on accumulated history, the present situation and forward-facing trends to all decision-makers, supporting the process of delivering optimal business value. With SAC, every stakeholder tasked with making key decisions can tap into the real-time, contextual insight necessary to boost outcomes.

Engaging Our People

To ensure a healthy, engaged and productive workforce, we carried out countless events and initiatives in 2023 to inspire and encourage our employees, in line with the WE@Almarai pillars. These included the Almarai Marathon, our Mental Health Awareness campaign and the Refresh your Summer event.



We celebrated employee occasions, national and international days and hosted 150 wellbeing initiatives throughout the year.

Our WE@Almarai Ambassadors Program, launched in 2023, promotes communication, engagement and community among employees by facilitating internal events and communication. The success of this initiative was validated by our Stevie Award for the Middle East and South Africa for the most innovative communication team of the year for our WE Care initiative.



Most Innovative Communication Team of the Year 2023 in MENA

Looking Towards 2024

Ensuring we have the right talent at every level of the organization and making sure every employee is supported and engaged will remain top priorities in 2024.

We will continue to invest in our capabilities and build skills to deliver our strategy, with a particular focus on strengthening our HR infrastructure and reinforcing our corporate culture.

HR policies will be further enhanced by benchmarking and adopting best practices in Almarai's governing policies, including developing a holistic manual and employee handbooks, among others.

We are planning to expand our job architecture framework to become broad-banded rather than specific to current roles and responsibilities. This will further enable our employees' growth and development as they progress their careers with Almarai.

Finally, we will continue to enhance Almarai's performance-driven culture by expanding the scope of performance management, and by linking performance to various reward programs.

Sustainability

Through concerted efforts in 2023, Almarai was successful in delivering on eight of our sustainability targets for 2025, as a result of the collaborative and inclusive approach that we have taken to sustainability, across all our business units.

Our achievements during this year are a result of our sustained commitment to the three pillars of our 2025 strategic sustainability plan, as well as implementing industry-leading practices that protect both the wellbeing of our consumers and employees, while delivering true value for the environment, the communities we serve and our stakeholders.

Guided by our pillars and targets, we remained focused on reviewing and sharpening our sustainability strategy in 2023 to ensure it remains relevant and effective, paving the way for our business to thrive in the coming years.

Our dedication and efforts during this year earned industry recognition when we received the award for “Best Practices: GHG Emission Reduction in Poultry” at the In Flavors Food Production Expo.

Further details on the progress we made in 2023 can be found in our 2023 Sustainability Report.

Our Material Issues

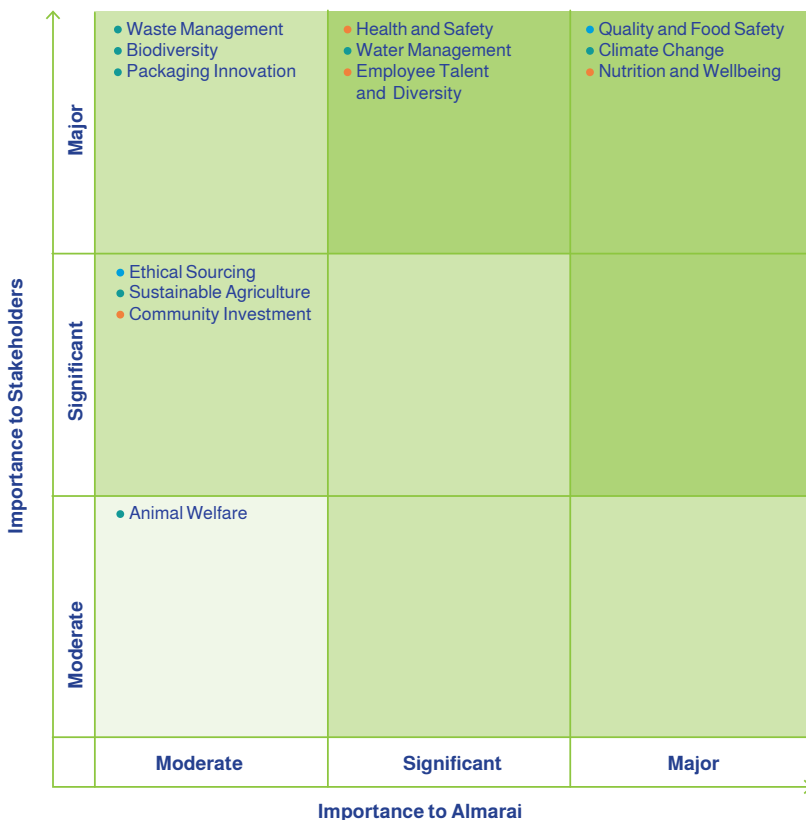
Almarai conducted a formal materiality assessment in 2019 that engaged both internal and external stakeholders to identify material environmental, social and governance issues that are most relevant to the organization.

“**Caring for People**” encompasses human capital development, as well as the health, safety and wellbeing of our workforce. It also seeks to enhance diversity and inclusion across every level of our organization and covers the bonds we continuously seek to build with the communities we serve.

“**Protecting the Planet**” outlines material topics related to our environmental commitments: how we seek to minimize our impact by reducing waste, conserving water, minimizing energy use, protecting biodiversity and prioritizing animal welfare across our footprint.

“**Producing Responsible Products**” covers our core responsibility to ensure that we always produce quality products that our customers and consumers can trust and do so in an ethical and responsible manner.

Throughout 2023, we maintained focus on our material issues, prioritizing areas and programs where we could make the most significant positive impact to ensure we remain on-track to deliver on our diverse commitments.



Pillar theme key:

- Caring for people
- Protecting the planet
- Producing responsible products

Our Sustainability Framework

At Almarai, sustainability is core to our strategy. We believe that the world can be a better place if we are all committed to doing better every day. By living up to our commitments, we can make positive changes that support a better tomorrow.

In 2019, we established a set of 25 goals and targets to achieve by 2025, during the development of our sustainability strategy, “Doing better every day”.

Our strategy is built upon three interconnected pillars and 12 material issues that are essential in supporting our contribution to building a more sustainable future.

Doing Better Every Day

Almarai believes the world can be a better place if we are all committed to doing better every day. By living up to our commitments, we can make positive changes that support a better tomorrow.

Our commitments



Caring for people

Our promise to improve the lives of those that are integral to our business success every day.



Protecting the planet

Our promise to minimize our impact on our shared natural resources every day.



Producing responsible products

Our promise to deliver “Quality you can trust” and enhance supply chain sustainability every day.

Nutrition and wellbeing

We are working to make sure that our products and communications support healthy living every day.

Health and safety

We are working to make sure we foster a health and safety culture among our people every day.

Employee talent and diversity

We are working to make sure that our people are developed, valued and included every day.

Community investment

We are working to make sure that we are leveraging our resources to create a positive impact every day.

Water management

We are working to make sure we are effectively using water resources every day.

Packaging innovation

We are working to make sure we reduce the impact of our packaging on the environment every day.

Climate change

We are working to make sure we implement more sustainable solutions to reduce our emissions every day.

Waste management

We are working to make sure that we are moving towards zero to landfill every day.

Sustainable agriculture

We are working to make sure that our agricultural practices are regenerative every day.

Quality and food safety

We are working to make sure our products are safe and satisfy consumers’ needs every day.

Animal welfare

We are working to make sure that our animals are treated and handled humanely throughout their lifecycle every day.

Ethical sourcing

We are working to make sure we take a collaborative approach to elevate sustainability in our supply chain every day.

Our Sustainability Highlights in 2023

Below are examples of initiatives taken throughout the year that highlight our commitment to sustainability, grouped into our three priority areas as a key part of our existing five-year strategic plan.

Caring for People:

Global Anti-Bribery and Corruption Policy and Procedures

As part of Almarai's sustainability endeavors for governance and disclosure, the Global Anti-Bribery and Corruption Policy and Procedures has been incorporated into our website. This aligns with one of the SDGs to provide access to justice for all and build an effective, accountable and inclusive platform at all levels of the business.

ISO 45001:2018 Certification

Almarai achieved the ISO 45001 certification for our Administration, Manufacturing, Sales, Distribution and Logistics Departments in August 2023. This is an attestation to our commitment to providing safe and healthy workplaces for our employees and all stakeholders, and we strive to ensure that our operations are conducted in a way that protects the safety and health of our employees, the environment and society. Our Occupational Health and Safety Management System is designed to demonstrate our intent to proactively prevent work-related injuries and illnesses and reduce mental health incidents among our employees and interested parties. We have three core components that make up our approach to instilling a culture of safety: "Safe Person, Safe Place and Safe Practice Strategy."

Supported Albir Society in Jeddah with food baskets

In October 2023, Almarai supported the charity warehouse of Albir Society in Jeddah with food baskets, to be distributed to the beneficiaries of the association being low-income families and orphans. This support came within the institutional program for the social responsibility of Almarai to promote community solidarity by identifying the needs of the association's beneficiaries. It is important to note that Almarai cares for and supports more than 300 non-profit organizations operating annually in service and community development throughout Saudi Arabia.

Improved youth employability Emiratisation

In May 2023, Almarai held the "Success Partners 2023" forum under the slogan "Nationalization is a Strategic Goal" to celebrate the success of its programs in nationalizing jobs and attracting Saudi youth, during which it honored the public and private sectors that shared their successes, as well as the non-profit sector. Under the slogan "Emiratization is a strategic goal", Almarai has launched several programs and initiatives to support Emiratisation.

Platinum sponsor for Future Food Forum 2023 in Dubai

Almarai participated as a platinum sponsor in the fifth edition of the Food Future 2023 Forum, held in Dubai in September under the auspices of the UAE Ministry of Economy and the Dubai Chamber of Commerce. Our participation in this event underscores the responsibility of the private sector to contribute to the promotion of food security in its quantitative and qualitative concepts by providing products of high nutritional value that meet people's needs and enrich their health every day.

Celebrated 93rd Saudi National Day with schools around Saudi Arabia

Almarai distributed free food products, took part in events planned especially for the occasion, and launched a massive awareness-raising competition for young adults about the history of Saudi Arabia during the 93rd Saudi National Day. The number of schools that participated in Almarai's initiative, in just four days, reached 1,000 in the Kingdom's 13 different regions, benefiting more than half a million students.

Quality of Life programs

Almarai Company provides support to many sports events, as we believe sport is important in contributing effectively towards good public health and instilling positive values in society. Almarai sponsored or participated in six sporting events: The sixth golf tournament in Nova Resort, Hail International Rally, Equestrian race in Riyadh and Jeddah, Blind Marathon Championship and Goalball for people with disabilities.

Reduced employee voluntary turnover

At Almarai, we recognize that we are only as strong as our employees, and we are committed to attract, develop and retain a motivated and diverse workforce. Our aim is to foster a positive working environment in which everyone is part of our growth, where life and work within is defined by the values of the Company. Almarai provides a wide range of activities, to create a flexible work culture that encourages productive, healthy work/life balance, employee retention and personal and professional growth opportunities. Our voluntary employee turnover reduced by 4% compared to 2022.

Revised goal for gender equality

The Almarai 2021 Sustainability Report outlined the modification of one of our targets, being the need to increase the number of female employees thus ensuring gender equality in our workforce, with a focus on talent development, capabilities building and opportunities. We are working aggressively in alignment with the Saudi Vision 2030 and the National Transformation Program to promote gender equality in all of our businesses and functions.

Occupational health and wellbeing

As a part of our occupational health and wellbeing program, Almarai conducted anonymous surveys and health and wellbeing checks, and worked in collaboration with the Saudi National Center for Mental Health to raise awareness of health and wellbeing among employees.

Management of road risks

As a part of our occupational health and wellbeing program for road safety, Almarai developed defensive driver training programs, installed inward and outward facing cameras, monitored driver behaviors and set-up driving simulators.

Protecting the Planet:**Attending the COP28 climate summit and the MENA Climate Week (MENAC) 2023**

Continuing to push for enhanced policy outcomes within international forums, Almarai took part in the COP28 in Dubai and the MENAC in Riyadh.

Best Practices: “GHG Emission Reduction in Poultry” at In Flavors Food Production Expo 2023

In 2020, we created an “Energy Roadmap” to reduce our environmental impacts and resource use. This roadmap is connected to our energy strategy, which focuses on reducing energy use, monitoring energy and switching to renewable energy, particularly solar power not only in Hail but also in Al Kharj.

Water treatment in Hail and Al Kharj

In 2022, we published our Water Position Statement, outlining our commitment to greater water stewardship. This statement sets out a longer term strategy in line with our wider sustainability goals and will act as a system of governance for years to come, engaging our workers and business units in best practice thinking and culture. We have also promoted a sustained effort to encourage greater awareness about the importance of water conservation throughout our operations.

Actively supporting packaging economy in Saudi Arabia

Almarai has been working with packaging suppliers, recyclers, plastics manufacturer, National Center for Waste Management (MWAN), and Saudi Investment Recycling Initiative (SIRC) to reduce waste at source and divert most waste away from landfill. In addition, Almarai has been working with other businesses from FMCG, plastics manufacturing and recycling sectors at KSA Packaging Working Group under the Federation of Saudi Chambers to engage with MWAN and SIRC to divert more waste from landfills and evolve the circular packaging economy.

Explored and trialed alternate fuel for the vehicles in our sales fleet in the UAE

We strive to accomplish our 2025 target to explore and trial alternative fuel in the vehicles of our sales fleet. From late

2021, we began using biofuel in an increasing number of our fleet vehicles that deliver our products across the UAE and are currently engaged with biofuel suppliers in Saudi Arabia to trial their biofuel in our fleet in Saudi Arabia.

Producing Responsible Products:**Animal Welfare accreditation**

Almarai stands firm on our commitments to safeguarding the health and wellbeing of all animals within its care, as this impacts not only on the animal’s quality of life, but also on the quality and safety of the food we produce. We believe that implementing internationally recognized principles for animal welfare is part of our license to operate as a leading food and beverages company. We obtained the Certificate of Conformance to the Animal Welfare Policy in March 2023.

Forbes’s The Middle East’s Sustainable 100 Sustainability Leaders – Food and Agriculture

This recognition proves that Almarai truly acknowledges the potential risks that climate change can have on food production and the environment. We strive to reduce our environmental impact and ensure long term sustainability. Sustainability is evident in our operations at Fondomonte, our arable farms located in Argentina and the United States. We see to it that we produce the highest quality feed for our dairy herds in Saudi Arabia, while also adhering to sustainable agricultural practices, as evidenced by our investments in irrigation infrastructure and environmentally friendly practices such as transporting feed by train from our farms to port for shipping, sourcing from hydroelectrically generated power sources and using electric irrigation pumps, among others.

World Quality Week 2023

Almarai’s commitment to “Quality you can trust” is also a commitment to continuous improvement, which is envisioned in the principles of our sustainability strategy, “Doing better every day.” We celebrated the annual World Quality Day by reflecting on our achievements to ensure the best quality for our consumers and our ambition to lead the way in every sector we participate in. The theme of “World Quality Week 2023” was “Quality: Realizing Your Competitive Potential,” which we as a business subscribe to. Employees at all levels of the business participated in some activities to reinvigorate the quality mindset and culture and to celebrate our successes.

Always audit-ready mindset

In 2023, we continued to conduct some of our internal and external food safety audits unannounced, to demonstrate our “Quality you can trust” mindset. We believe this is a true reflection of our continually improving quality and food safety practices to deliver safe products of the highest quality to our consumers.

Governance



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Board of Directors



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



Mr. Sulaiman Bin Abdulkadir Almuheidib
Vice Chairman



Mr. Ammar Bin Abdulwahid Alkhudairy
Director



Mr. Bader Bin Abdullah Al Issa
Director



Mr. Hosam Bin Ali Alqurashi
Director



**Mr. Mohammed Bin Mansour
Almousa**
Director



**Mr. Salman Bin Abdulmuhsin
Alsudeary**
Director



**HH Prince Saud Bin Sultan Bin
Mohammed Bin Saud Al Kabeer**
Director



Mr. Waleed Bin Khalid Fatani
Director

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

His Highness Prince Naif Bin Sultan has extensive experience and a long career in business administration, spanning more than 25 years. In addition to his presidency of the Almarai Board of Directors, His Highness chairs the Boards of Directors of several well-known companies, including Zain, the Arabian Shield Insurance Company, Sultan Holding Company, the International Manufacturing Industries Company, the International Chemical Industries Company and 70 Investment Company. His Highness serves on the Boards of Directors of several companies, including Vice Chairman of the Board of Directors of Yamama Cement Company, Farabi Gulf Petrochemical Company and Tejoury Company, in addition to chairing several charitable committees that meet the needs of society in various fields. His Highness holds a Bachelor's degree in Business Administration and Marketing from King Saudi University (1999).

Mr. Sulaiman Bin Abdulkadir Almuheidib, Vice Chairman

Mr. Sulaiman Almuheidib is the Chairman of Abdulkadir Al-Muhaidib and Sons Co. ("Al-Muhaidib Group"). He is also the Chairman of Savola Group and RAFAL Real Estate Development Company. In addition, he sits on the Board of Directors of Vision Invest, Tarabot Investment & Development, King Salman Center for Disability Research and Prince Fahad Bin Salman Charity Association for Renal Failure Patients Care.

Mr. Ammar Bin Abdulwahid Alkhudairy, Director

Mr. Ammar Alkhudairy is a prominent fixture in the finance industry, with over 30 years of experience in various areas including M&A, Corporate Finance, Asset Management, Corporate Banking and Project Finance. One of Mr. Alkhudairy's most notable achievements was serving as the Chairman of the Saudi National Bank, the largest bank in Saudi Arabia, which was created as a result of the merger of National Commercial Bank and Samba, where he served as Chairman prior to the merger. Prior to his role as Chairman, Mr. Alkhudairy also served as a Board member, Chairman of the Audit Committee and Managing Director/CEO at Banque Saudi Fransi. Mr. Alkhudairy has also held numerous public and private board memberships, including Chairmanship positions at Goldman Sachs Saudi Arabia, Morgan Stanley Saudi Arabia and Allianz Saudi Arabia, as well as serving as a Board Member of Almarai. He is the Founder and Chairman of Amwal Capital Partners, an alternative assets management business based in Dubai and Riyadh.

He has served as a Director in government-related entities such as the Real Estate Development Fund and the Economic Cities Authority. He is also a member of the High-Level Advisory Council of the United Nations Alliance of Civilizations (UNAOC) and member of The McKinsey External Advisory Group. Mr. Alkhudairy holds a B.Sc. in Civil Engineering and an M.Sc. in Engineering Administration from George Washington University.

Mr. Bader Bin Abdullah Al Issa, Director

Mr. Bader Al Issa is the CEO of Assila Investments and the Vice Chairman of Savola Group. He also serves on several Boards including Banque Saudi Fransi, Dur Hospitality, Taiba Investment, Panda Retail Company, Afia International Company, United Sugar Company and Savola Foods. Mr. Al Issa is a CFA charter holder and holds a BA in Economics from the University in Virginia and an MBA from Rice University in the United States of America.

Mr. Hosam Bin Ali Alqurashi, Director

Mr. Hosam Alqurashi has over 20 years of rich professional industry experience with government entities and national and multinational conglomerates. He is currently a Board member at the Saudi Coffee Company (PIF Subsidiary), The Madinah Heritage Company (PIF Subsidiary) and Nana, the largest grocery app in the Kingdom. As an Executive Advisor to The Royal Commission for Riyadh City, Mr. Alqurashi has played a key role in the development of the Riyadh City brand and marketing strategy, leading a multi-government entity program to attract regional headquarters of multinational companies to Riyadh, established the city marketing and investment promotion function covering the investment support office, the city marketing department, marketing operations, diversity equity and inclusion, city diplomacy and city excellence. Prior to that Mr. Alqurashi was the CCO/CMO of Panda Retail Company, the largest grocery retailer in the Middle East and Africa. In this venture Mr. Alqurashi was accountable for category management, merchandise planning, strategic buying and marketing. As the CEO of Whites (fast-growing lifestyle retailer), Mr. Alqurashi developed a five-year strategy which restructured the companies' end-to-end operations. Whilst in the role of CMO of Nahdi Medical Company (largest pharmacy chain in MENA), Mr. Alqurashi redefined the Company's brand and created an entirely new marketing function for the chain, launched its award-winning loyalty program (Nuhdeek) and its private label range which also led to Mr. Alqurashi winning the Middle East "Retail Professional of the Year" award in 2015 from the ICSE. In addition, Mr. Alqurashi Hosam has experience with Procter & Gamble and managed several mega brands across the GCC such as Bonux, Downy, Fairy and Pantene.

Mr. Mohammed Bin Mansour Almousa, Director

Mr. Mohammed Almousa is the Group CEO Advisor for SALIC Co. and was previously the Group CFO. Prior to this, he assumed various executive roles within Al Faisaliah Group Holding Co. and its affiliates, the last of which was Group CFO, in addition to his directorship on various boards and committees. He is currently a Board Director for SALIC Ukraine Co. (Ukraine), Minerva Foods Co. (Brazil) and SALIC Australia Co. (Australia). He also chairs the Executive Committee of G3 Canada Co., an affiliate of G3 Global Holdings Co. in Canada, and sits on the Audit Committee of Abdullah Al-Othaim Markets. Mr. Almousa holds a Master's degree in Accountancy from Missouri State University and a Bachelor's degree in Business Administration from King Saud University. He also participated in executive leadership programs and effective boards programs at IMD, Harvard Business School and INSEAD, and holds several professional certifications (CPA, CME1).

Mr. Salman Bin Abdelmuhsin Alsudeary, Director

Mr. Salman Alsudeary commenced his career in the financial sector in the United States of America, working in both the private equity and investment banking field. Following several years in this sector, Mr. Alsudeary moved back to Saudi Arabia, where he launched his first company, Tejoury, a company specializing in Records and Information Management. This company has grown to be the largest provider of RIM services in the Kingdom. In addition to launching several other start-ups, he also participates on several boards and committees of both publicly and privately held companies. Mr. Alsudeary holds a Master's degree in Finance.

HH Prince Saud Bin Sultan Bin Mohammed Bin Saud Al Kabeer, Director

His Highness Prince Saud Bin Sultan is a Board member at Aldar Chemicals Company and Chairman of Export 30. His Highness joined Almarai in a role within the marketing department following two years of working at Banque Saudi Fransi. He is a Business Administration graduate of King Fahad University of Petroleum and Minerals.

Mr. Waleed Bin Khalid Fatani, Director

Mr. Waleed Fatani has been the CEO of Savola Group since January 2021. He was also the CEO of Saudi Fransi Capital (from June 2015 till 31 December 2020). He worked as the Group Treasurer of Abdul Lateef Jamil and Advisor of Capital Markets and Investment from June 2013 to June 2015. He was also the General Manager of Deutsche Bank KSA from May 2011 to June 2013. Additionally, he started his career with Banque Saudi Fransi in 1994. He was the Head of Group Treasury and was a member of several executive committees. Mr. Fatani has over 28 years of banking, financial and investments experience, and his career has given him vast experience across various business sectors and the financial services sector. He holds a B.Sc. in Accounting from California State University (1993).

Executive Management

Abdullah Albader, Chief Executive Officer

Abdullah Albader joined Almarai in 2000 and was involved in the strategic functions, until he was appointed as the Company's Chief Executive Officer in March 2021. Throughout his career with Almarai, of more than 20 years, Abdullah held several positions within the Company's different sectors, including manufacturing, distribution, sales, marketing and shared services. The most recent position he held was the Executive Vice President of the Bakery division. Abdullah holds a Master's degree in Business Administration from the University of Leicester in the UK.

Andrew Mackie, Executive Vice President – Farming

Andrew Mackie is the Executive Vice President for Farming at Almarai, through which he is responsible for the global farming operations for Dairy and Arable Farming. Andrew joined Almarai in 1977, after which he held several positions in the Farming sector of the business. He was the General Manager of Farming from 1998 after serving as the Regional Manager of Farming. Andrew holds a qualification from the West of Scotland Agricultural College, UK.

Danko Maras, Chief Financial Officer

Danko Maras was appointed as Almarai's CFO effective 6 April 2020. He is an experienced financial professional having had senior international positions in the fast-moving consumer goods industry such as Unilever, Leaf and Cloetta, where in addition to being Group CFO, he also has held positions such as CEO and President. He holds a GMP from Harvard Business School (HBS) and a B.Sc. in Business Administration and Economics from Uppsala University

Fahad Mohammed Aldrees, Chief Human Resources Officer

Fahad Aldrees joined Almarai in 2006 and was appointed as Chief Human Resources Officer in March 2021. During his 17 years at Almarai, Fahad has worked in several capacities from farming, manufacturing, supply chain and sales. Most recently, he held the position of Head of Human Resources Services. Fahad holds a BA in English Language and has completed specialized courses in Human Resources from the University of Michigan, USA and other Executive Development programs from London Business School, UK and IMD, Switzerland.

Faisal Alfahadi, Executive Vice President – Corporate Affairs

Faisal Alfahadi is the Executive Vice President of Corporate Affairs for Almarai, where he leads on all corporate and government affairs throughout the organization and its investment portfolio. During his tenure at Almarai he has held several senior positions, including General Manager of Human Resources and Support Services and General Manager of the Juice business. Faisal holds a Master's degree in Marketing from the University of Salford, UK.

Fawaz Aljasser, Executive Vice President – Bakery

Fawaz Aljasser is currently the Executive Vice President of the Bakery division at Almarai Company. Before that, Fawaz held a number of positions at Almarai Company, including Chief Human Resources Officer, where he managed the Company's Human Resources and Support Services unit. He was also Director of the Technical Institute for Dairy and Food and General Manager of "Teeba" company, a joint venture for Almarai in Jordan. Fawaz holds a Bachelor's degree in English Literature from Imam Muhammad bin Saud University in Saudi Arabia and a Higher Diploma from the University of Leicester in the United Kingdom.

Hussam Abdulqader, Chief Marketing Officer

Hussam Abdulqader is Almarai's Chief Marketing Officer. His responsibilities span over branding, corporate communications and public relations and marketing communications and services. Additionally, he heads Almarai's expansion into seafood. Since joining Almarai in 2003, he held several positions across the Company, including General Manager of Marketing, CEO of Modern Foods Industry and CEO of Teeba, Almarai's Jordan operation. Prior to joining Almarai, Hussam worked for Nielsen as Head of Retail Measurement Services. He holds a BA in Business Administration from Amman Private University, Jordan.

Michael McDonald, Executive Vice President – Poultry

Michael McDonald was appointed Executive Vice President of Poultry in January 2020, prior to which he held the role of Head of Business Unit Poultry. Michael joined Almarai in 2000. During his time at Almarai he has held several positions within the Almarai Farming and Poultry divisions. He holds a Higher National Diploma from Greenmount Agricultural College, a Postgraduate Certificate in Food Safety and Security from Queens University Belfast, as well as an MBA from Liverpool University, UK.

Mohammed Alshuhail, Executive Vice President – Food Service

Mohammed Alshuhail is the Executive Vice President of Food Service and manages Almarai's portfolio within B2B operations (HoReCA). Mohammed joined the Company as Chief Executive Officer of the International Pediatric Nutrition Company (IPNC). Prior to this, he worked at Al Safi Danone and Danone Group in the Middle East and Spain, holding several key positions. These included CEO of Al Safi Dairy Company, where he built a sustainable B2B business model, and Executive Vice President of Human Resources at Alsafi Danone Company as well as Head of Export where he developed the company's portfolio and opened new international markets and managed different brands in the marketing department. In addition, he was the Innovation Manager at Danone Dairy Company in Spain. Mohammed was awarded an Executive MBA from London Business School (LBS), UK, and holds a B.Sc. in Marketing from King Fahad University of Petroleum and Minerals (KFUPM).

Niall Mackay, Executive Vice President – Supply Chain

Niall Mackay is the Executive Vice President of Supply Chain for Almarai, a role in which he is responsible for planning, distribution and logistics throughout the Almarai supply chain including all sourcing and purchasing activities. Prior to joining Almarai he held senior operational positions at Pedigree Pet Foods (a part of Mars Inc.), Coca-Cola Enterprises, British Bakeries (part of Rank and Hovis McDougal) and Royal Mail, UK. Niall holds a Master's degree in Chemical Engineering from Imperial College, UK, and an MBA from Henley Management College, UK.

Nikolaos Stavridis, Executive Vice President – Sales

Nikolaos Stavridis is the Executive Vice President of Sales for Almarai. He is responsible for the overall Almarai sales function. Nikolaos has extensive sales experience in FMCG. Prior to joining Almarai, he held various executive positions, such as Key Account Manager at Pepsico (Greece), Sales Director at Danone (Greece and Cyprus), Commercial Director at Global Finance Group (Greece, Romania, Bulgaria, Spain and Cyprus), COO - Board member at Group Linette (North and East Africa), General Manager at Almarai, and Vice President and Board member at Olayan Group (GCC and Africa). Nikolaos holds a Master's degree in Corporate Finance from the University of Indianapolis, USA and a Master's degree in Business Administration and Strategy from the University of Nottingham, UK.

Omar Salim, Executive Vice President – Dairy and Juice

Omar Salim is the Executive Vice President for Dairy and Juice, a role in which he is responsible for all Dairy and Juice business units in the Company. Prior to joining Almarai, he worked for Mars Inc. as Director of Marketing for the Africa, India and Middle East regions and he also worked

for Procter & Gamble across many regions in its Research and Development team. When he first joined Almarai he was appointed to the position of General Marketing Manager. Omar holds a Master's degree in Industrial Engineering from the University of Oklahoma, USA.

Paul Partelides, Chief Strategy and Planning Officer

Paul Partelides is the Chief Strategy and Planning Officer for Almarai, leading the Company's Strategic Business unit with the responsibility for strategy and mergers and acquisitions (M&A) for existing and new businesses and markets. Prior to joining Almarai, Paul was Director of Global Strategy and Development at INVISTA where he was responsible for growing the international scope of the business both organically and via M&A. Paul holds an MBA from INSEAD and a B.Sc. in Economics. He started his career at KPMG, where he qualified as a Chartered Accountant.

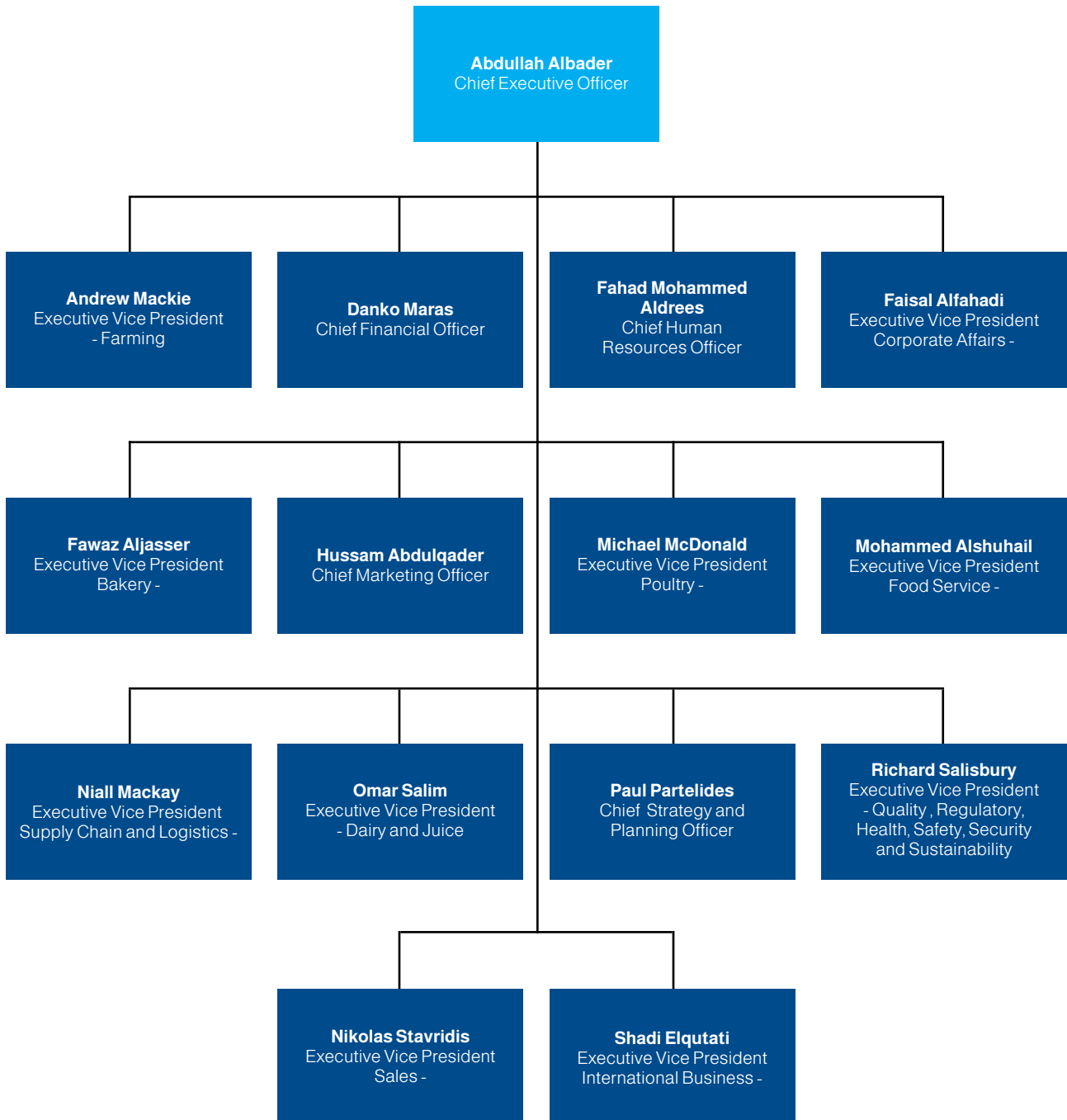
Richard Salisbury, Executive Vice President – Quality, Regulatory, Health, Safety, Security and Sustainability

Richard Salisbury is the Executive Vice President for Quality, Regulatory, Health, Safety, Security and Sustainability. In this role it is his duty to protect and develop the Almarai brand and business by leading and safeguarding Almarai's principles for Sustainable Excellence by implementing business strategies in line with the Company's overall strategy. Prior to joining Almarai, Richard worked at Britvic Soft Drinks, where he held various positions in product development, packaging development and project management. He holds a Food Science and Technology qualification from Seale-Hayne Agricultural College, UK.

Shadi Elqutati, Executive Vice President – International Business

Shadi Elqutati is the Executive Vice President of the International Business Unit at Almarai. Shadi joined the Company as CEO for Teeba in Jordan in 2018 and prior to this, he worked for Nestle KSA as General Manager for Infants Nutrition. Shadi has 21 years of experience in well-known pharmaceutical companies like Merck, AstraZeneca and Janssen Inc which includes different fields like sales and marketing in which he held several key positions. Shadi holds an MBA degree from New York Institute of Technology University, USA and a Bachelor's degree in Pharmaceutics from Applied Science University, Jordan.

Almarai Organizational Chart



Tadawul Announcements

Almarai announced a number of events and strategic activities throughout the year. The most important events, activities and strategic decisions were announced on the official website of the Saudi Stock Exchange (Tadawul), Almarai's corporate website and on Almarai's Investor Relations application. In total, 14 announcements were made to shareholders. The following table summarizes the announcements by date, type and subject.

No.	Date	Announcement Type	Title of Announcement
1	22 January 2023	Financial Results	Almarai Company announces its Consolidated Financial Results for the year ended on 31 December 2022 (12 months)
2	19 February 2023	Notice to Shareholders	Almarai Company ("Almarai") announces the completion of Almarai Investment Holding W.L.L.'s acquisition of shares to achieve 100% ownership of International Dairy and Juice Limited ("IDJ"), a former joint venture with PepsiCo Global Holdings Limited ("PepsiCo") in Egypt and Jordan
3	20 March 2023	Invitation to EGM	Almarai Company invites its shareholders to the Extraordinary General Assembly Meeting (the first meeting) by means of modern technology
4	6 April 2023	Invitation to EGM	Almarai Company announces to its shareholders the starting date of the electronic voting on the Agenda items of the Extraordinary General Assembly Meeting (the first meeting)
5	9 April 2023	Financial Results	Almarai Company announces its Condensed Consolidated Interim Financial Results for the period ended 31 March 2023 (three months)
6	12 April 2023	Notice to Shareholders	Almarai Company announces the results of the Extraordinary General Assembly Meeting (the first meeting)
7	16 July 2023	Financial Results	Almarai Company announces its Condensed Consolidated Interim Financial Results for the period ended 30 June 2023 (six months)
8	17 July 2023	Notice to Shareholders	Almarai Company announces its intention to issue Trust Certificates denominated in USD
9	18 July 2023	Notice to Shareholders	Almarai Company announces the commencement of the offer of its Trust Certificates denominated in USD
10	19 July 2023	Notice to Shareholders	Almarai announces the completion of the offer and subscription of its Trust Certificates denominated in USD
11	3 October 2023	Notice to Shareholders	Almarai Company announces investment plan to expand Fresh Bakery capacity and to enter Frozen Bakery segment in the Kingdom of Saudi Arabia and other markets
12	8 October 2023	Financial Results	Almarai Company announces its Condensed Consolidated Interim Financial Results for the period ended on 30 September 2023 (nine months)
13	5 December 2023	Notice to Shareholders	Almarai Company announces the acquisition of Etmam Logistics
14	20 December 2023	Notice to Shareholders	Almarai Company announces the Board of Directors' recommendation to distribute dividends to shareholders for the year 2023

Almarai and its Subsidiaries

Almarai operates its business through a variety of subsidiaries, joint ventures, associates and agency relationships. The Company maintains long term investments and exerts effective control through its full capacity to lead and direct economic performance, financial policies and operational processes. Almarai consolidates its financial operations and results as one business unit, issuing Consolidated Financial Statements after elimination of all significant intergroup balances and

Name of Subsidiary	Country of Incorporation	Business Activity
Almarai Investment Company Limited	Saudi Arabia	Holding Company
Almarai Baby Food Company Limited	Saudi Arabia	Manufacturing Company
Almarai Construction Company Limited	Saudi Arabia	Dormant
Agricultural Input Company Limited (Mudkhalat)	Saudi Arabia	Dormant
Hail Agricultural Development Company	Saudi Arabia	Poultry / Agricultural Company
International Baking Services Company Limited	Saudi Arabia	Trading Company
International Pediatric Nutrition Company Limited	Saudi Arabia	Trading Company
Modern Food Industries Company Limited	Saudi Arabia	Bakery Company
Western Bakeries Company Limited	Saudi Arabia	Bakery Company
Pure Breed Poultry Company Limited	Saudi Arabia	Poultry Company
Premier Food Industries Company L.L.C.	Saudi Arabia	Manufacturing and Trading Company
Artas United Limited Company	Saudi Arabia	Transportation and Storage Company
Almarai for Meat L.L.C.	Saudi Arabia	Meat Company
Agro Terra S.A.	Argentina	Dormant
Fondomonte South America S.A.	Argentina	Agricultural Company
Almarai Company Bahrain W.L.L.	Bahrain	Trading Company
Almarai Investment Holding Company W.L.L.	Bahrain	Holding Company
Bakemart W.L.L.	Bahrain	Manufacturing and Trading Company
IDJ Bahrain Holding Company W.L.L.	Bahrain	Holding Company
International Dairy and Juice Limited	Bermuda	Holding Company
International Dairy and Juice (Egypt) Limited	Egypt	Holding Company
International Company for Agricultural Industries Projects (Beyti) (SAE)	Egypt	Manufacturing and Trading Company
Beyti for Importation and Exportation Company L.L.C.	Egypt	Trading Company
BDC Info Private Limited	India	Operations Management
Markley Holdings Limited	Jersey	Dormant
Al Muthedoon for Dairy Production	Jordan	Dormant
Al Atheer Agricultural Company	Jordan	Dormant
Al Namouthjya for Plastic Production	Jordan	Dormant
Al Rawabi for Juice and UHT Milk Manufacturing	Jordan	Manufacturing Company
Teeba Investment for Developed Food Processing	Jordan	Manufacturing Company
Arabian Planets for Trading and Marketing L.L.C.	Oman	Trading Company
Alyoum for Food Products Company L.L.C.	Oman	Dormant
Fondomonte Inversiones S.L.	Spain	Holding Company
Hail Development Company Limited	Sudan	Dormant
Almarai Emirates Company L.L.C.	UAE	Trading Company
BDC International L.L.C.	UAE	Operations Management
Almarai Company Drinks Manufacturing L.L.C.	UAE	Manufacturing Company
Bakemart L.L.C.	UAE	Manufacturing and Trading Company
Bakemart FZ L.L.C.	UAE	Manufacturing and Trading Company
Fondomonte Holding North America L.L.C.	USA	Holding Company
Fondomonte Arizona L.L.C.	USA	Agricultural Company
Fondomonte California L.L.C.	USA	Agricultural Company
Hayday Farm Operation L.L.C.	USA	Agricultural Company

transactions. Minority interests represent the portion of profit or loss and net assets not dominated or controlled by the Group and are presented separately in the consolidated income statement and balance sheet. The following table sets out the subsidiary companies' names, business activity, functional currency, ownership interest, share capital and number of shares issued. There are no shares or debt instruments issued to any of these entities.

Effective Ownership Interest					
	2023	2022	Share Capital		Number of Shares Issued
	100%	100%	SAR 1,000,000		1,000
	100%	100%	SAR 200,000,000		200,000
	100%	100%	SAR 1,000,000		1,000
	52%	52%	SAR 25,000,000		250
	100%	100%	SAR 300,000,000		30,000,000
	100%	100%	SAR 500,000		500
	100%	100%	SAR 41,000,000		410,000
	100%	100%	SAR 70,000,000		70,000
	100%	100%	SAR 200,000,000		200,000
	94%	94%	SAR 46,500,000		465,000
	100%	100%	SAR 500,000		50,000
	100%	100%	SAR 10,000		100
	100%	100%	SAR 1,000,000		100,000
	100%	100%	ARS 5,097,984		5,097,984
	100%	100%	ARS 8,550,769,408		8,550,769,408
	100%	100%	BHD 100,000		1,000
	100%	100%	BHD 34,450,000		344,500
	100%	100%	BHD 30,000		600
	100%	52%	BHD 250,000		2,500
	100%	52%	USD 7,583,334		7,583,334
	100%	52%	EGP 3,233,750,000		323,375,000
	100%	52%	EGP 4,049,666,670		404,966,667
	100%	52%	EGP 2,000,000		2,000
	100%	100%	INR 2,750,680		275,068
	100%	100%	GBP 5,769,822		5,769,822
	100%	52%	JOD 500,000		500,000
	100%	52%	JOD 750,000		750,000
	100%	52%	JOD 250,000		250,000
	100%	52%	JOD 500,000		500,000
	100%	52%	JOD 21,935,363		21,935,363
	70%	70%	OMR 150,000		150,000
	100%	100%	OMR 20,000		20,000
	100%	100%	EUR 145,321,967		145,321,967
	100%	100%	SDG 100,000		100
	100%	100%	AED 300,000		300
	100%	100%	AED 200,000		200
	100%	100%	AED 250,000 (Unpaid)		100
	100%	100%	AED 300,000		300
	100%	100%	AED 300,000		300
	100%	100%	USD 500,000		50,000
	100%	100%	USD 500,000		50,000
	100%	100%	-		-
	100%	100%	-		-

Share Price and Shareholder Information

Almarai shareholdings

As of 31 December 2023, Almarai had 63,438 shareholders. Institutional investors represent 92.2% of the total share ownership, while individual investors represent 7.8%. There

are 36 shareholders owning one million or more shares in Almarai, representing 89.4% of the issued shares. The following tables provide an overview of Almarai's investors.

Almarai Investors according to Nature of Investors	31 December 2023		
	Percentage of Ownership	Number of Investors	Number of Shares
Institutional investors	92.2%	662	922,164,760
Individual investors	7.8%	62,776	77,835,240
Total	100.0%	63,438	1,000,000,000

Almarai Investors according to Nationality	31 December 2023		
	Percentage of Ownership	Number of Investors	Number of Shares
Saudi	94.5%	60,378	944,587,729
Other nationalities	5.5%	3,060	55,412,271
Total	100.0%	63,438	1,000,000,000

Almarai Investors according to Investor Type	31 December 2023	
	Percentage of Ownership	Number of Investors
SAVOLA Group	34.5%	1
Sultan Holding Group	23.7%	1
Saudi Agricultural and Livestock Investment Company (SALIC)	16.3%	1
Funds	11.6%	458
Other individuals	7.8%	62,776
Governmental and quasi-governmental institutions	3.4%	18
Companies	2.7%	171
Swap agreements	0.1%	12
Total	100%	63,438

Almarai Investors according to Size of Ownership	31 December 2023	
	Percentage of Ownership	Number of Investors
A million shares and more	89.4%	36
From 500,000 to less than a million	1.7%	26
From 100,000 to less than 500,000	3.4%	161
From 50,000 to less than 100,000	0.9%	127
From 10,000 to less than 50,000	1.6%	766
From 5,000 to less than 10,000	0.5%	739
From 1,000 to less than 5,000	1.4%	8,095
Less than 1,000 shares	1.2%	53,488
Total	100.0%	63,438

Ownership notification

According to Article 68 of the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority (CMA), during 2023, Almarai received no new

notifications of new ownership percentages of more than 5% of the shares issued to the Company. The following table outlines ownership of 5% or more of the issued shares.

Ownership of 5% and more of the issued shares	Beginning of the Year		End of the Year	
	Number of Shares	Percentage of Ownership	Number of Shares	Percentage of Ownership
SAVOLA Group	345,218,236	34.5%	345,218,236	34.5%
Sultan Holding Group	236,956,536	23.7%	236,956,536	23.7%
Saudi Agricultural and Livestock Investment Company (SALIC)	163,233,480	16.3%	163,233,480	16.3%
Total	745,408,252	74.5%	745,408,252	74.5%

Number of Company Requests for Shareholders Records	Date of Request	Reason for the Request
1	5 January 2023	Periodic Reports
2	12 April 2023	Dividend Entitlement
3	7 May 2023	Periodic Reports
4	15 June 2023	Periodic Reports
5	18 June 2023	Periodic Reports
6	20 August 2023	Periodic Reports
7	4 September 2023	Periodic Reports
8	3 October 2023	Periodic Reports
9	6 November 2023	Periodic Reports
10	5 December 2023	Periodic Reports

Share data performance (SAR)

Almarai Share Information		
Listing date	2005	
Exchange	Saudi Stock (Tadawul)	
Symbol	2280	
ISIN	SA000A0ETH1	
Number of shares issued	1,000,000,000	
Market cap as of 31 December 2023	SAR million	55,800
	USD million	14,878

Share Price 31 December 2023	Share Price One Year Ago	Share Price Three Years Ago	52-week High	52-week Low	Change from 2022-2023
55.80	53.50	54.90	70.30	51.70	4.3%

Share price performance during the year of 2023



Main Transactions, Investments and Other Events

Acquisitions

International Dairy and Juice (IDJ)

On 17 February 2023, Almarai, through one of its subsidiaries, completed the purchase of 48% of IDJ (a joint venture with PepsiCo in Egypt and Jordan), to increase Almarai's shareholding from 52% to 100%, for a total consideration of SAR 255 million. The purchase amount was funded from Almarai's internal cash flows.

Main activities of this business consist of food and beverage manufacturing and distribution in Egypt and Jordan, as well as exporting to many countries worldwide. The full ownership of IDJ will allow Almarai to further expand strategically in the wider region.

Etmam Logistics

On 5 December 2023, the Company announced the acquisition of Etmam Logistics for an amount of SAR 182 million. Etmam Logistics is equipped with capabilities related to frozen storage and distribution.

The acquisition will augment Almarai's ability to deliver to its consumers an expanded portfolio of frozen products across the Kingdom of Saudi Arabia. This will enable rapid development of Almarai's Foodservice operations through a broader product offering, drive growth in its Poultry business with increased penetration in the frozen category and provide a footprint for expansion into other frozen categories in the future.

Persistent innovation in Bakery portfolio

At the Board of Directors meeting held on 2 October 2023, the Board approved an investment plan of SAR 405 million to further increase its fresh bakery capacity including new products and to enter the frozen bakery segment in the Kingdom of Saudi Arabia and other markets.

The project's objective is to grow Almarai's Bakery business by entering new categories and segments to continue the journey of conversion from the unpackaged to packaged market and fulfilling Foodservice requirements. The increased capacity will further contribute to the Kingdom's food security objectives for Saudi Vision 2030.

Capital expenditure

CAPEX incurred in 2023 amounted to SAR 2.53 billion, mainly for Poultry expansion projects and further increasing sales and distribution capabilities. Expenditure was incurred as follows:

- Poultry operation and poultry farming including the poultry plant expansion reached SAR 1.12 billion
- All manufacturing facilities, sales, supply chain and dairy farming amounting to SAR 0.53 billion for various capacity expansion projects
- Replacements and other CAPEX accounted for SAR 0.88 billion, which includes the replacement of vehicles for Sales, Distribution and Logistics amounting to SAR 0.41 billion.

Important Events in 2024

Dates	Subject of Announcement*
2 April 2024	The Extraordinary General Assembly Meeting will be held to approve amendments to Almarai's Bylaws, the Board of Director's report and the Financial Statements for 2023, as well as other subjects
7-18 April 2024**	Maturity and distribution of profits to shareholders for the financial year 2023
14-28 April 2024	Announcement of the Interim Consolidated Financial Results for Q1 2024
7-21 July 2024	Announcement of the Interim Consolidated Financial Results for Q2 2024
6-20 October 2024	Announcement of the Interim Consolidated Financial Results for Q3 2024

*Announcement dates for Financial Results are preliminary and subject to change

**Dividend distribution date is preliminary and subject to change

Preparation of the Financial Statements

The Condensed Consolidated Interim Financial Statements are issued with a review report and the Annual Consolidated Financial Statements are issued with an audit report by the Independent Auditors. These Consolidated Financial Statements have been prepared 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"). As part of this requirement, the Group has prepared Condensed Consolidated Interim Financial Statements for each quarter of 2023 and Annual Consolidated Financial Statements for the year ended 31 December 2023 in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA. KPMG Professional Services (KPMG) was appointed as Almarai's Independent

Auditors after the Audit Committee recommended KPMG to the Board of Directors to audit the Company's accounts for the fiscal years 2023, 2024, 2025 and Q1 2026. The Board of Directors requested the approval of the nomination of KPMG and its fees during the General Assembly Meeting in April 2023, at which time the appointment was approved. After auditing the Consolidated Financial Statements for the year ended 31 December 2023, KPMG issued its unqualified Independent Auditors' Report expressing their opinion that the Consolidated Financial Statements as a whole present fairly, in all material respects, the consolidated financial position of Almarai Company and its subsidiaries as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the SOCPA.

Dividend Policy

As per Article 48 of Almarai's Bylaws, after deducting all general expenses and other costs, the Company's annual net profits shall be allocated as follows:

- 10% of the annual net profits shall be allocated to form the Company's statutory reserve. Such allocation may be discontinued by the Ordinary General Assembly when this reserve totals 30% of the Company's paid-up capital.
- The Ordinary General Assembly may, upon the recommendation of the Board of Directors, allocate a specific percentage of the net profits to create a voluntary reserve to be allocated to the determined objective or objectives allocated for specific purposes.
- The Ordinary General Assembly, upon determining the dividend, may resolve to form other reserves, to the extent that the same is in the interests of the Company or will ensure the distribution of fixed profits so far as possible among the shareholders. The said Assembly may likewise deduct from the net profit amounts to establish social organizations for the Company's workers or to assist any such organizations already in existence.
- Out of the balance of the net profits a payment of not less than 5% of the paid-up capital shall be distributed to shareholders.
- Subject to the provisions laid down in Article 21 of these Bylaws, and Article 76 of the Companies Law, a percentage not more than 5% of the remaining balance, if any, shall be allocated as remuneration to Members of the Board of Directors, provided that the entitlement to such remuneration shall be proportionate to the number of sessions attended by a Member.
- The Company, after complying with the regulations laid down by the competent authorities, may distribute semi-annual and quarterly dividends. As per Article 48 of Almarai's Bylaws, profits distributed to shareholders are paid at the location and time determined by the Board of Directors in compliance with CMA regulations. Almarai

has achieved a 51.5% payout ratio for the five-year period from 2018-2022. Even though Almarai expects, as per its current distribution practice, to distribute annual cash dividends, there are no guarantees for the distribution of dividends on an ongoing basis. There are no guarantees for the value and percentage of dividends each year. Cash dividends are approved or recommended according to factors including profits achieved, cash flows, new capital investments and prospects of outgoing funds, taking into account the importance of maintaining a strong financial policy to meet any emergency events. The Board of Directors strives to maintain consistency of cash flow each year by reducing the impact of any change in free cash flow that may be attributed to the achievement of profits or losses in specific financial years, while maintaining a medium term target distribution rate of dividend ratio. Almarai has distributed to its shareholders approximately SAR 20,009 million since it was listed on Tadawul, in the form of cash dividends and bonus shares. Cash dividends amounted to approximately SAR 10,909 million, representing 54.5% of total dividends and bonus shares, while bonus shares from a capital increase reached SAR 9,100 million. This excludes the capital increase resulting from the acquisition of Western Bakeries and International Bakeries Services at a nominal value of SAR 90 million and the 100% acquisition of Hail Agricultural Development Company (HADCO) at a nominal value of SAR 60 million.

Dividends paid compared to net income attributed to shareholders of the Company

Year	Net Income (SAR million)	Dividend (SAR million)	Percentage	Capital (SAR million)	Amount (SAR)
2005	386.1	-	-	75	-
2006	464.7	200.0	43.0%	100	2.00
2007	667.3	272.5	40.8%	109	2.5
2008	910.3	381.5	41.9%	109	3.5
2009	1,096.7	460.0	41.9%	115	4.00
2010	1,285.4	517.5	40.3%	230	2.25
2011	1,139.5	517.5	45.4%	230	2.25
2012	1,440.6	500.0	34.7%	400	1.25
2013	1,502.2	600.0	39.9%	600	1.00
2014	1,674.3	600.0	35.8%	600	1.00
2015	1,915.7	690.0	36.0%	600	1.15
2016	2,080.5	720.0	34.6%	800	0.90
2017	2,182.2	750.0	34.0%	1,000	0.75
2018	2,008.8	850.0	42.3%	1,000	0.85
2019	1,811.8	850.0	46.9%	1,000	0.85
2020	1,984.4	1,000.0	50.4%	1,000	1.00
2021	1,563.5	1,000.0	64.0%	1,000	1.00
2022	1,759.8	1,000.0	56.8%	1,000	1.00
Total	25,873.8	10,909.0	42.2%	-	-

Dividends dates

Year	Announcement Date	Due Date	Distribution Date	Distribution Method	Amount (SAR)
2006	21-Jan-07	27-Mar-07	10-Apr-07	Account transfer	2.00
2007	21-Jan-08	24-Mar-08	7-Apr-08	Account transfer	2.5
2008	19-Jan-09	23-Mar-09	7-Apr-09	Account transfer	3.5
2009	20-Jan-10	11-Apr-10	26-Apr-10	Account transfer	4.00
2010	6-Dec-10	3-Apr-11	11-Apr-11	Account transfer	2.25
2011	7-Dec-11	2-Apr-12	11-Apr-12	Account transfer	2.25
2012	19-Jan-13	2-Apr-13	10-Apr-13	Account transfer	1.25
2013	29-Dec-13	2-Apr-14	9-Apr-14	Account transfer	1.00
2014	28-Dec-14	5-Apr-15	12-Apr-15	Account transfer	1.00
2015	14-Dec-15	3-Apr-16	12-Apr-16	Account transfer	1.15
2016	6-Dec-16	26-Mar-17	4-Apr-17	Account transfer	0.90
2017	11-Dec-17	9-Apr-18	17-Apr-18	Account transfer	0.75
2018	10-Dec-18	7-Apr-19	15-Apr-19	Account transfer	0.85
2019	9-Dec-19	5-Apr-20	13-Apr-20	Account transfer	0.85
2020	15-Dec-20	13-Apr-21	21-Apr-21	Account transfer	1.00
2021	15-Dec-21	12-Apr-22	20-Apr-22	Account transfer	1.00
2022	20-Dec-22	11-Apr-23	17-Apr-23	Account transfer	1.00
2023*	20-Dec-23	As per EGM approval	As per EGM approval	Account transfer	1.00

*2023 is recommended to the Board of Directors for EGM approval and is subject to change

Distribution in the form of granting bonus shares

Year	Share Capital (SAR million)	Nominal Value of Bonus (SAR million)	Share Capital after Bonus (SAR million)	Percentage	Notes
2005	750	250	1,000	33.3%	One bonus share for every three outstanding shares
2010	1,150	1,150	2,300	100.0%	One bonus share for every one outstanding share
2012	2,300	1,700	4,000	73.9%	One bonus share for every 1.353 outstanding shares
2013	4,000	2,000	6,000	50.0%	One bonus share for every two outstanding shares
2016	6,000	2,000	8,000	33.3%	One bonus share for every three outstanding shares
2017	8,000	2,000	10,000	25.0%	One bonus share for every four outstanding shares
Total		9,100.0			

Dates of bonus shares and other capital changes

Year	Announcement Date	Issue Type	Due Date	Previous Capital (SAR million)	New Capital (SAR million)
2005	18-Oct-05	Bonus shares	25-Dec-05	750	1,000
2007	19-Feb-07	Acquisition (WB and IBS)	27-Mar-07	1,000	1,090
2009	9-May-09	Acquisition (HADCO)	7-Oct-09	1,090	1,150
2010	5-Oct-10	Bonus shares	5-Dec-10	1,150	2,300
2012	7-Dec-11	Bonus shares	2-Apr-12	2,300	4,000
2013	29-May-13	Bonus shares	9-Sep-13	4,000	6,000
2016	14-Dec-15	Bonus shares	3-Apr-16	6,000	8,000
2017	8-Jun-17	Bonus shares	8-Oct-17	8,000	10,000

Statutory Payments, Penalties and Sanctions

Statutory amounts recorded during 2023

Almarai is committed to paying certain fees and expenses to Saudi Government departments as per applicable terms and regulations. These inherent expenses are recorded in

the Financial Statements of the Company's operations. The following table details statutory charges in 2023 and 2022, with a brief description and related reason.

Statutory Organization	Description	Reason	2023 (SAR million)	2022 (SAR million)
Saudi Customs	Amounts paid or charged as customs fees on imports and port charges	Government requirement	94	77
General Authority of Zakat and Income Tax	Amounts paid as Zakat, WHT, Income Tax and VAT according to the various laws	Government requirement	1,254	1,635
General Organization for Social Insurance	Amounts paid or charged as social insurance expenses, in accordance with Saudi Labor Law	Government requirement	105	91
Other statutory organizations	Amounts paid or charged according to various other laws	Other government requirements	279	251
Total			1,732	2,054

Penalties and sanctions

Almarai was not charged any penalties or sanctions during 2023 by any supervisory, regulatory or judicial unit.

Corporate Governance Code

The purpose of these Rules is to set out Almarai's approach to corporate governance. Almarai is committed to maintaining high standards of corporate governance and considers good corporate governance an essential tool for maximizing long term shareholder value and is consistent with its commitment to quality in all its processes and products. The Company's Corporate Governance Rules are mandatory for all Directors and staff of Almarai and can only be amended by a resolution of the Board of Directors. Corporate governance is defined as "the system by which business corporations are directed and controlled". The corporate governance structure specifies the distribution of authority and responsibilities among different participants in the Company, such as the Board of Directors, managers, shareholders and others, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the Company's objectives are set and the means of attaining those objectives and monitoring performance. The Board of Directors is responsible for Almarai's Corporate Governance Rules. The shareholders' role in governance is to appoint the Directors, Audit Committee and Independent Auditors and to satisfy themselves that an appropriate governance structure is in place. The responsibilities of the Board include setting the Company's strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship. The Board's actions are subject to laws, regulations and accountability to the shareholders in the General Assembly Meeting. Almarai's Corporate Governance Rules have been

prepared according to international principles of corporate governance and local regulatory requirements, particularly the Capital Market Authority (CMA). It should be viewed as setting the framework of requirements for corporate governance within the Company. It should not be seen as a substitute for sound judgment and honorable arms' length dealings by Directors and Officers of the Company and should be viewed within the context of the broader legislative framework of Saudi Arabia. In particular, the stipulations of the following, the requirements of which have not all been incorporated in these Rules, need to be borne in mind when considering corporate governance issues:

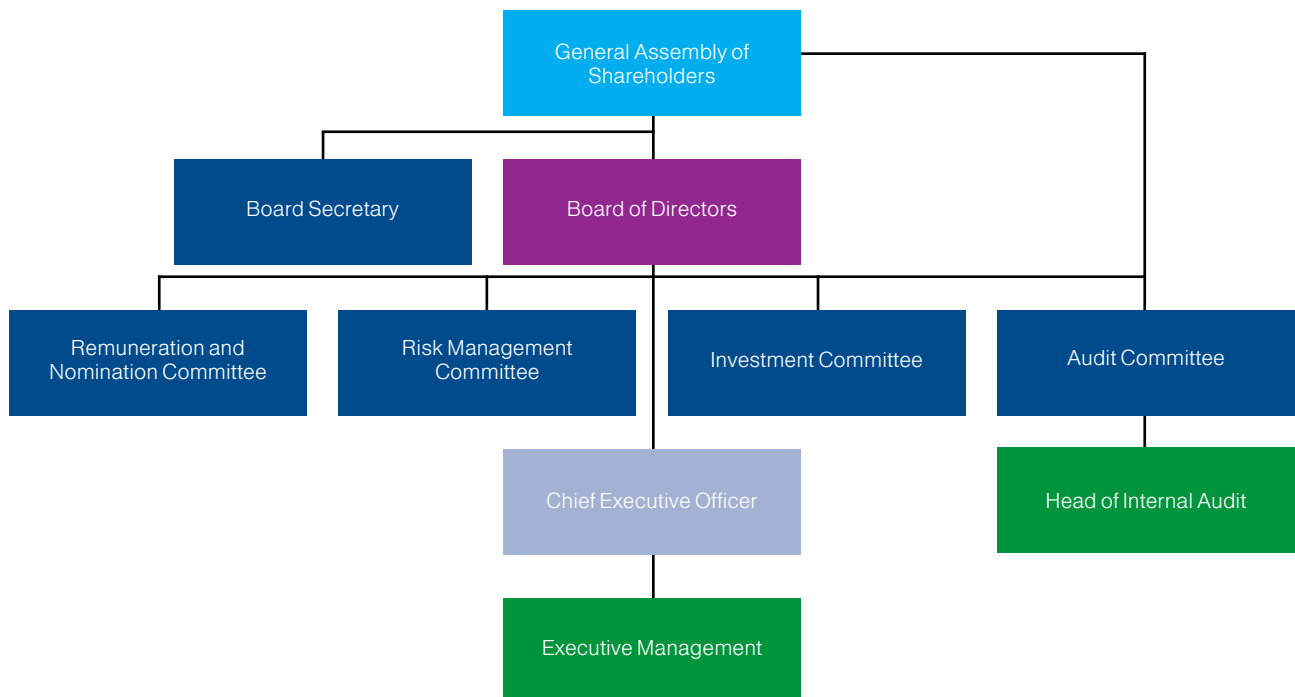
- The requirements of the CMA and of Tadawul
- The Companies Law of Saudi Arabia and associated ministerial directives of the Ministry of Commerce and Ministry Investment
- Almarai's Bylaws
- The Board establishes governance rules for the Company in accordance with the provisions of these regulations, and monitors their implementation, verifies their effectiveness and amends them as necessary

Rights of Shareholders and the General Assembly

Almarai's Bylaws and Corporate Governance Rules ensure that shareholders enjoy all rights related to shares, in particular, the right to receive a share of approved dividend payments, the right to receive a share of the Company's assets upon liquidation, the right to attend General Assembly Meetings and participate in their deliberations and voting, the right to dispose of shares, the right to oversee the work of the Board of Directors and file responsibility litigation against Board Members and the right to inquire and request information that does not compromise the interests of the Company and does not conflict with the terms and executive regulations of the CMA. Almarai allows maximum participation by shareholders at General Assembly Meetings and is keen to ensure that the choice of time and venue enables full participation. The Company has adopted an electronic voting system to make it easier for shareholders to exercise their right of voting if they are unable to attend in person. Almarai's Bylaws and Corporate Governance Rules also contain provisions related to the General Assembly, including procedures and precautions necessary to ensure that all shareholders are exercising their regular rights. The General Assembly is the highest power in the Company, with sole authorities including: the appointment and termination of Board Members, approval of the Consolidated Financial Statements, appointment of the

Audit Committee and the external Auditor and determination of his fees, approval of the regulation for the Audit Committee including its procedures, duties and rules for selecting its members, the means of their nomination, the term of their membership, their remunerations, and the mechanism of appointing temporary members in case a seat on the Committee becomes vacant, approval of the regulation for the Remuneration and Nomination Committee including its procedure, duties and rules for selecting its members, the term of their membership and their remunerations, approval of dividend distribution as recommended by the Board of Directors, increase or decrease of the capital of the Company and amendment of the Bylaws. Almarai provides sufficient access for its shareholders to read the minutes of the General Assembly Meeting and provides the CMA with a copy of the minutes within 10 days of the meeting. Shareholder concerns that have a significant gravity are elevated through the appropriate channels to the Board of Directors for consideration and action. If necessary, these concerns would be raised to the Board Secretary. Any material concerns that could potentially impact the Company or its financial position and which are available in all means of media, newspaper, Almarai website or announcement via Tadawul will be communicated to the Board of Directors.

Corporate Governance structure



Board of Directors Formation and Functions

Almarai's Bylaws provide for a Board of Directors (comprising nine Members). The rules regarding the appointment, resignation, term of office, powers, remuneration and the principal requirements are summarized below. The Board of Directors is the supreme management body within the Company and is appointed by the shareholders at the General Assembly in order to represent and protect the Company's interests. The Board is responsible for leading and controlling the Company and discharges this responsibility by approving the implementation of Company strategies and objectives. The Board empowers the management of the Company to run the business within defined parameters and monitors the performance of the Company. While the Board delegates authority to the Company's management, under the direction of the Chief Executive Officer, to attend to the routine running of the business, the Board retains ultimate fiduciary responsibility to shareholders to ensure the proper operation of the Company. The Board is appointed by the shareholders with the primary responsibility for operating the Company in their long term best interests. The Board also has a responsibility to provide clear directions and boundaries for the Company's Executive Management to operate within. This involves setting out a clear vision and strategy for the Company and defining the delegations that will be allowed to management and the policies and boundaries within which they are permitted to operate. This process is achieved by:

- a) Approving the strategic plans and main objectives of the Company and supervising their implementation. This includes:
 - Laying down a comprehensive strategy for the Company, the main work plans and policy related to risk management and reviewing and updating such policy
 - Determining the most appropriate capital structure of the Company, its strategies and financial objectives and approving its annual budgets
 - Supervising the main capital expenses of the Company and acquisition/disposal of assets
 - Deciding the performance objectives to be achieved, supervising the implementation thereof and overseeing the overall performance of the Company
 - Reviewing and approving the organizational and functional structures of the Company on a periodic basis
- b) Laying down rules for internal control systems and supervising those systems. This includes:
 - Developing a written policy to regulate conflicts of interest and remedy any possible cases of conflict by Members of the Board of Directors, Executive Management and shareholders. This includes misuse of the Company's assets and facilities and arbitrary disposition resulting from dealings with related parties
 - Ensuring the integrity of financial and accounting procedures including procedures related to the preparation of the financial reports
 - Ensuring the implementation of control procedures appropriate for risk management by forecasting the risks that the Company could encounter and disclosing them transparently
 - Reviewing the effectiveness of internal control systems annually
 - Drafting Corporate Governance Rules for the Company that do not contradict the provisions of existing laws and regulations, supervising and monitoring, in general, the effectiveness of the Rules and amending them whenever necessary
 - Laying down specific and explicit policies, standards and procedures for the Members of the Board of Directors and implementing them after they have been approved by the General Assembly

- c) Outlining a written policy that regulates the relationship with stakeholders with a view to protecting their respective rights. Such a policy must cover the following:
- Mechanisms for indemnifying the stakeholders in the event that their rights are contravened under the law and their respective contracts
 - Mechanisms for the settlement of complaints or disputes that might arise between the Company and stakeholders. Suitable mechanisms for maintaining good relationships with customers and suppliers and protecting the confidentiality of information related to them
 - A Code of Conduct for the Company's Executives and employees compatible with proper professional and ethical standards and regulating their relationship with stakeholders
- d) The Board of Directors lays down procedures for supervising the following:
- Deciding on policies and procedures to ensure the Company's compliance with laws and regulations and the Company's obligation to disclose material information to shareholders, creditors and other stakeholders
 - Preparing the Financial Statements and the Annual Report on the activities and financial status of the Company for the last financial year including the proposed method for a dividend payment
 - Recommending to the General Assembly of shareholders the appointment, dismissal and the remuneration of external auditors
 - Almarai's Corporate Governance Rules stipulate that the Board should include a minimum of one in three independent Directors. Executives may be Directors upon satisfaction of the relevant legal requirements. Almarai has implemented internal check-and-balance measures for assessing the performance of the Board of Directors and its Committees. These measures include but are not limited to a formal review process involving an evaluation by each Board Member on the performance and effectiveness of the Board as a body, and its Members individually

Members of the Board of Directors

The following tables include Directors' names, positions, membership status in other joint stock companies and attendance at the Board meetings held during 2023, noting

that these meetings were planned, and the Chairman did not receive any request by two or more of the Board Members to hold emergency meetings during 2023.

Member Name	Position	Membership Status	(Listed/Unlisted)	Membership of Joint Stock Companies Inside and Outside of KSA
HH Prince Naif Bin Sultan Bin Mohammed Bin Saud Al Kabeer	Chairman of the Board	Non-Executive	Listed	Yamamah Cement Co., Arabian Shield Cooperative Insurance Company, Zain Company
			Unlisted	Sultan Holding Group, Global Thermal Chemical-GTC, Global Chemical Industries Company-GCI, Al-Faraby Petrochemical Company, Tejoury Company, Diplomat Art, Dar Alselal, Sabeen Investment Company
Mr. Sulaiman Bin Abdulkadir Almuhaidib	Vice Chairman	Non-Executive	Listed	Savola Group
			Unlisted	Vision Invest Co. (Roaia), Abdulkadir Al Muhaidib and Sons, RAFAL Real Estate Development Company, Al Muhaidib Holding, Amwal Alajjal, Taj Alawfia, That Alsawari, Tarabot Investment & Development
Mr. Ammar Bin Abdulwahid Alkhudairy	Board Member	Independent	Listed	Saudi Pharmaceutical Industries & Medical Appliances Corporation (SPIMACO)
			Unlisted	Sport Clubs Company - Body Masters, Dubai Contracting Company, Al-Farabi Pharmaceutical Company, Dubai Saudi Arabia Contracting, Amwal AlKhaleej Company, Amwal Capital Partners Company, Dubai, Amwal AlKhaleej Alola, Yasmeen Alshrouq Company, Global Thermal Chemical - GTI, Qantarah Investment Company, Sustainable Services Company for Operation and Maintenance, Thuraa Almostaqbal Investment, El Seif Engineering Contracting Company, Saudi Venture Capital Company, AlKhorayef Group
Mr. Bader Bin Abdullah Al Issa	Board Member	Non-Executive	Listed	Savola Group, Banque Saudi Fransi, Dur Hospitality Co, Taiba Investments
			Unlisted	Savola Foods Company, Panda Retail Company, United Sugar Company, Afia International Company
Mr. Hosam Bin Ali Alqurashi	Board Member	Independent	Listed	
			Unlisted	Saudi Coffee Company, Saudi Heritage Company, Nana Delivery App, Modern Foods Company
Mr. Mohammed Bin Mansour Almousa	Board Member	Non-Executive	Listed	Abdullah Alothaim Markets Company, Minerva Foods SA, Brazil
			Unlisted	SALIC Ukraine, Ukraine, SALIC Australia, Australia, G3 Global Holding Canada Co.
Mr. Salman Bin Abdelmuhsin Alsudeary	Board Member	Independent	Listed	Arabian Shield Cooperative Insurance Company
			Unlisted	Tejoury CJSC, Tejoury Company - Foreign Branch Company, Bahrain, Archiving Warehouses (Subsidiary of Tejoury), ISNAD Corp.(Subsidiary of Tejoury), Abdulrahman Al-Sudeary Foundation, Tejoury Solutions – UAE Branch
HH Prince Saud Bin Sultan Bin Mohammed Bin Saud Al Kabeer	Board Member	Non-Executive	Listed	
			Unlisted	ADDAR Chemicals Company, Thirty Exports Company Ltd, Sultan Holding Group
Mr. Waleed Bin Khalid Fatani	Board Member	Non-Executive	Listed	Herfy Foods Company, Savola Group
			Unlisted	Kinan International Real Estate Development Company Limited, Savola Foods Company, United Sugar Company, Afia International Company, Panda Retail Co., Alkabeer Holding Company, Savola World Est

Regular Meetings of the Board for 2023

No.	Member Name	Position	Meetings						Attendance Rate	Membership Status
			First 13-Feb-23	Second 10-Apr-23	Third 11-May-23	Fourth 12-Jun-23	Fifth 2-Oct-23	Sixth 19-Dec-23		
1	HH Prince Naif Bin Sultan Bin Mohammed Bin Saud Al Kabeer	Chairman	Attended	Attended	Attended	Attended	Attended	Attended	100%	Non-Executive Director
2	Mr. Sulaiman Bin Abdulkadir Almuheidib	Vice Chairman	Attended	Attended	Attended	Attended	Attended	Attended	100%	Non-Executive Director
3	Mr. Ammar Bin Abdulwahid Alkhudairy	Member	Attended	Attended	Attended	Attended	Attended	Attended	100%	Independent Director
4	Mr. Bader Bin Abdullah Al Issa	Member	Attended	Attended	Attended	Attended	Attended	Attended	100%	Non-Executive Director
5	Mr. Hosam Bin Ali Alqurashi	Member	Attended	Attended	Attended	Attended	Attended	Attended	100%	Independent Director
6	Mr. Mohammed Bin Mansour Almousa	Member	Attended	Attended	Attended	Attended	Attended	Attended	100%	Non-Executive Director
7	Mr. Salman Bin Abdelmuhsin Alsudeary	Member	Attended	Attended	Attended	Attended	Attended	Attended	100%	Independent Director
8	HH Prince Saud Bin Sultan Bin Mohammed Bin Saud Al Kabeer	Member	Attended	Attended	Attended	Attended	Attended	Attended	100%	Non-Executive Director
9	Mr. Waleed Bin Khalid Fatani	Member	Attended	Attended	Attended	Attended	Attended	Attended	100%	Non-Executive Director

Shareholders General Assembly Meetings during 2023

No.	Member Name	Position	First Meeting 11-Apr-23	Attendance Rate
1	HH Prince Naif Bin Sultan Bin Mohammed Bin Saud Al Kabeer	Chairman	Attended	100%
2	Mr. Sulaiman Bin Abdulkadir Almuheidib	Vice Chairman	Attended	100%
3	Mr. Ammar Bin Abdulwahid Alkhudairy	Member	Attended	100%
4	Mr. Bader Bin Abdullah Al Issa	Member	Attended	100%
5	Mr. Hosam Bin Ali Alqurashi	Member	Attended	100%
6	Mr. Mohammed Bin Mansour Almousa	Member	Attended	100%
7	Mr. Salman Bin Abdelmuhsin Alsudeary	Member	Attended	100%
8	HH Prince Saud Bin Sultan Bin Mohammed Bin Saud Al Kabeer	Member	Attended	100%
9	Mr. Waleed Bin Khalid Fatani	Member	Attended	100%

Ownership of Board Members

The table below illustrates shares held by Members of the Board of Directors and any changes that occurred during 2023. There were no arrangements by which any of the Board Members waived any salary or compensation.

Member Name	Note	Shares Ownership		
		Opening Balance (January 2023)	Closing Balance (December 2023)	Percentage Change
1 HH Prince Naif Bin Sultan Bin Mohammed Bin Saud Al Kabeer	Personal ownership	8,695,651	8,695,651	0.0%
2 Mr. Sulaiman Bin Abdulkadir Almuheidib	Personal ownership	8,695	8,695	0.0%
3 Mr. Ammar Bin Abdulwahid Alkhudairy	-	-	-	-
4 Mr. Bader Bin Abdullah Al Issa	Personal ownership	1,666	1,666	0.0%
5 Mr. Hosam Bin Ali Alqurashi	-	-	-	-
6 Mr. Mohammed Bin Mansour Almousa	-	-	-	-
7 Mr. Salman Bin Abdelmuhsin Alsudeary	-	-	-	-
8 HH Prince Saud Bin Sultan Bin Mohammed Bin Saud Al Kabeer	-	-	-	-
9 Mr. Waleed Bin Khalid Fatani	-	-	-	-

Ownership of Senior Executives

The following table illustrates Senior Managers, their interests in Almarai shares, as well as any changes that occurred in 2023. None of them have any interest in debt instruments issued by Almarai and there were no arrangements or agreements by which any of the Senior Managers waived any salary or compensation.

Name	Shares Ownership		
	Opening Balance (January 2023)	Closing Balance (December 2023)	Percentage Change
Abdullah Albader	260	260	0%
Andrew Mackie	0	0	-
Danko Maras	0	0	-
Fahad Mohammed Aldrees	470	0	100%
Faisal Alfahadi	0	0	-
Fawaz Aljasser	0	120,000	100%
Hussam Abdulqader	1	1	-
Michael McDonald	1	0	100%
Mohammed Alshuhail	48,488	93,488	93%
Niall Mackay	0	0	-
Nikolaos Stavridis	0	0	-
Omar Salim	30,000	43,500	45%
Paul Partelides	0	0	-
Richard Salisbury	0	56,150	100%
Shadi Elqutati	0	0	-

Details of Paid Compensation and Remuneration

Board Remunerations 2023								
Name	Position	Specific Amount *	Fixed Remunerations				Remunerations of the Chairman, Managing Director or Secretary, if a Member	Total
			Allowance for Attending Board Meetings	Total Allowance for Attending Committee Meetings	In-kind Benefits	Remunerations for Technical, Managerial and Consultative Work		
Non-Executive Directors								
HH Prince Naif Bin Sultan Bin Mohammed Bin Saud Al Kabeer	Chairman	350,000	18,000	12,000	-	-	500,000	880,000
Mr. Sulaiman Bin Abdulkadir Almuhaidib	Vice Chairman	200,000	18,000	-	-	-	-	218,000
Mr. Bader Bin Abdullah Al Issa	Member	500,000	18,000	21,000	-	-	-	539,000
Mr. Mohammed Bin Mansour Almousa	Member	350,000	18,000	12,000	-	-	-	380,000
HH Prince Saud Bin Sultan Bin Mohammed Bin Saud Al Kabeer	Member	350,000	18,000	9,000	-	-	-	377,000
Mr. Waleed Bin Khalid Fatani	Member	350,000	34,000	28,000	-	-	-	412,000
Total		2,100,000	124,000	82,000	-	-	500,000	2,806,000
Independent Directors								
Mr. Ammar Bin Abdulwahid Alkhudairy	Member	500,000	18,000	21,000	-	-	-	539,000
Mr. Hosam Bin Ali Alqurashi	Member	350,000	18,000	9,000	-	-	-	377,000
Mr. Salman Bin Abdelmuhsin Alsudeary	Member	400,000	18,000	15,000	-	-	-	433,000
Total		1,250,000	54,000	45,000	-	-	-	1,349,000
Sub Total		3,350,000	178,000	127,000	-	-	500,000	4,155,000

* This amount includes annual remuneration for membership of the Board of Directors and fixed remunerations for membership of committees

Board Remunerations 2023								
Variable Remunerations								
Percentage of the Profits	Periodic Remunerations	Short Term Incentive Plans	Long Term Incentive Plans	Granted Shares	Total	End-of-service Award	Aggregate Amount	Expenses Allowance
-	-	-	-	-	-	-	880,000	-
-	-	-	-	-	-	-	218,000	-
-	-	-	-	-	-	-	539,000	-
-	-	-	-	-	-	-	377,000	-
-	-	-	-	-	-	-	380,000	-
-	-	-	-	-	-	-	412,000	-
-	-	-	-	-	-	-	2,806,000	-
-	-	-	-	-	-	-	539,000	-
-	-	-	-	-	-	-	377,000	-
-	-	-	-	-	-	-	433,000	-
-	-	-	-	-	-	-	1,349,000	-
-	-	-	-	-	-	-	4,155,000	-

Paid to five top Senior Executives 2023 (including CEO and CFO)*

The five top Senior Executives, including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), receive a remuneration according to employment contracts signed with them. The following table illustrates details of remuneration and compensation paid to Senior Executives.

Remunerations of Top 5 Senior Executives (CEO and CFO Included)	Fixed Remunerations			
	Salaries	Allowances	In-kind Benefits	Total
For 2023 (SAR)	8,880,000	2,217,996	390,000	11,487,996
For 2022 (SAR)	8,640,000	2,510,000	390,000	11,540,000

*The Company committed to disclose total remuneration of the Senior Executive Management in accordance with the requirements of Article 93(4-b) of the Corporate Governance Rules. In order to protect the interests of the Company, its shareholders and its employees, and to avoid any damage that may result from the disclosure in details as per job titles and positions, the description of remuneration is not presented pursuant to Appendix (1) Remuneration Schedule of Corporate Governance Rules related to Senior Executives

Committees

Board of Directors

Name	Position	Fixed Remuneration (SAR)	Meeting Attendance Allowance (SAR)	Total (SAR)
HH Prince Naif Bin Sultan Bin Mohammed Bin Saud Al Kabeer	Chairman	200,000	18,000	218,000
Mr. Sulaiman Bin Abdulkadir Almuheidib	Vice Chairman	200,000	18,000	218,000
Mr. Ammar Bin Abdulwahid Alkhudairy	Member	200,000	18,000	218,000
Mr. Bader Bin Abdullah Al Issa	Member	200,000	18,000	218,000
Mr. Hosam Bin Ali Alqurashi	Member	200,000	18,000	218,000
Mr. Mohammed Bin Mansour Almousa	Member	200,000	18,000	218,000
Mr. Salman Bin Abdelmuhsin Alsudeary	Member	200,000	18,000	218,000
HH Prince Saud Bin Sultan Bin Mohammed Bin Saud Al Kabeer	Member	200,000	18,000	218,000
Mr. Waleed Bin Khalid Fatani	Member	200,000	34,000	234,000
Total		1,800,000	178,000	1,978,000

		Variable Remunerations				Total	End of Service Award	Other Benefits	Aggregate Amount
Periodic Remunerations	Profits	Short Term Incentive Plans	Long Term Incentive Plans	Granted Shares (SAR value)					
-	-	9,713,750	-	4,993,497	14,707,247	-	1,399,608	27,594,851	
-	-	8,355,250	-	3,331,776	11,687,026	-	1,358,879	24,585,905	

Remuneration and Nomination Committee

Name	Position	Fixed Remuneration (except for the allowance for attending Board meetings) (SAR)	Meeting Attendance Allowance (SAR)	Total (SAR)
Mr. Ammar Bin Abdulwahid Alkhudairy	Chairman	150,000	9,000	159,000
Mr. Bader Bin Abdullah Al Issa	Member	150,000	9,000	159,000
Mr. Hosam Bin Ali Alqurashi	Member	150,000	9,000	159,000
HH Prince Saud Bin Sultan Bin Mohammed Bin Saud Al Kabeer	Member	150,000	9,000	159,000
Total		600,000	36,000	636,000

Audit Committee

Name	Position	Fixed Remuneration (except for the allowance for attending Board meetings) (SAR)	Meeting Attendance Allowance (SAR)	Total (SAR)
Mr. Raied Bin Ali Alseif	Chairman	200,000	15,000	215,000
Mr. Eid Bin Faleh Alshamri	Member	200,000	15,000	215,000
Dr. Salah Bin Khalid Altaleb	Member	200,000	15,000	215,000
Mr. Salman Bin Abdelmuhsin Alsudeary	Member	200,000	15,000	215,000
Mr. Sulaiman Bin Naser Alhatlan	Member	200,000	15,000	215,000
Total		1,000,000	75,000	1,075,000

Risk Committee

Name	Position	Fixed Remuneration (except for the allowance for attending Board meetings) (SAR)	Meeting Attendance Allowance (SAR)	Total (SAR)
Mr. Waleed Bin Khalid Fatani	Chairman	150,000	28,000	178,000
Mr. Raied Bin Ali Alseif	Member	150,000	12,000	162,000
Mrs. Vanessa Fisk	Member	150,000	12,000	162,000
Total		450,000	52,000	502,000

Investment Committee

Name	Position	Fixed Remuneration (except for the allowance for attending Board meetings) (SAR)	Meeting Attendance Allowance (SAR)	Total (SAR)
Mr. Bader Bin Abdullah Al Issa	Chairman	150,000	12,000	162,000
Mr. Ammar Bin Abdulwahid Alkhudairy	Member	150,000	12,000	162,000
Mr. Mohammed Bin Mansour Almousa	Member	150,000	12,000	162,000
HH Prince Naif Bin Sultan Bin Mohammed Bin Saud Al Kabeer	Member	150,000	12,000	162,000
Total		600,000	48,000	648,000

Company Committees

With the exception of the Audit Committee, which shall be formed by the resolution of the Company's Ordinary General Assembly, the Board may at any time establish specialized committees as may be needed depending on the Company's circumstances in order to enable it to effectively perform its duties. The formation of committees shall be made in accordance with general procedures developed by the Board, which shall determine the duties, duration and powers of each committee, and the way in which the Board monitors the activities of each committee. The Committee shall inform the Board of its findings or decisions with complete transparency. The Board shall regularly follow up the activities of such committees to ensure the performance of the duties dedicated to them. Each committee shall be responsible before the Board for its activities; this shall not relieve the Board of its responsibility for such activities, duties and powers that it has delegated to such committee. The list of non-Board Company Committee members are:

Risk Committee

Mrs. Vanessa Fisk, Risk Committee Member

Vanessa Fisk is a full time Independent Non-Executive, currently sitting on the Boards of ABC International Bank plc, UK; Almarai Company, KSA; Banque Saudi Fransi, KSA; is the Special Advisor to the Al Omran family KSA and an Independent Supervisory Board member of the family office, Narmo Capital and most recently she has joined the Board of TPL REIT Management Co Ltd, Pakistan. Vanessa focuses on companies which have a strong innovation and/or transformation agenda, with her current portfolio spanning both traditional and new digital enterprises. In particular she has a keen interest in those businesses deploying newer technologies to gain competitive advantage and is an active Board Advisor and Mentor to a number of the Middle East's emerging Fintech and Regtech start-ups. Prior to pursuing a Non-Executive career, Vanessa spent over 20 years in a

wide variety of Senior Executive Director positions across multiple geographies. During 18 years at Barclays Bank PLC, Vanessa undertook roles of Chief Operating Officer and Chief Risk Officer for the Middle East; Director of Strategy and Transformation at Gerrard Investment Management Ltd; Chief Risk Officer for the Corporate Bank and Head of the Regional UK Leveraged Finance businesses. More recently Vanessa spent five years as Wholesale Banking Managing Director and Chief Operating Officer for Standard Chartered Middle East, North Africa and Pakistan. Vanessa holds a BA Hons in Accountancy and Finance from Huddersfield University, a post graduate degree in Leadership Studies from Exeter University and after leaving Standard Chartered completed the International Executive Program in Global Corporate Governance at Insead Business School, Fontainebleau, Paris. For the last three years, Vanessa has also been a visiting guest speaker on the Insead Global Executive MBA Program.

Audit Committee

Mr. Raied Bin Ali Alseif, Audit Committee Chairman

Raied Alseif is the CEO of Sultan Holding Company. He currently holds the following Board positions: member of the Board of Arabian Shield Insurance, IBC Environmental Lebanon, Dar Al Selal Confectionary Company, Diplomat and Barq Logistic Company. Prior to that, Raied held the position of Division Head at ANB, leading a team of Relationship Managers. Raied holds a Bachelor's degree in Accounting from the College of Administrative Science at King Saud University in Riyadh, KSA.

Mr. Eid Bin Faleh Alshamri, Audit Committee Member

Eid Alshamri is a professional with a 30-year proven track record and has held various executive positions. He is also a member of several boards and committees in other companies. Eid holds a B.Sc. in Industrial Management with Honors from King Fahd University of Petroleum and Minerals (1989). He received his Certified Public Accountants license from the State of Colorado (1995) and has been a member of the American Institute of Certified Public Accountants (AICPA) since 1995.

Dr. Salah Bin Khalid Altaieb, Audit Committee Member

During his professional experience of more than 20 years, Dr Salah Altaieb has held senior executive and consultative positions in both the public and private sectors, as well as Board positions and audit and investment committee roles in a number of entities in business and NGOs. He holds a number of internationally renowned accounting and audit certifications: including the CPA, CMA, CFM, CIA, CCSA and CGAP. He holds a Bachelor's degree in Accounting from King Saud University, a Master's degree in Professional Accounting from The University of Miami, Florida and a Ph.D.

in Accounting and Finance from the George Washington University, Washington DC. He is also a member of a number of professional organizations in accounting, auditing and management in Saudi Arabia and abroad.

Mr. Sulaiman Bin Naser Alhatlan, Audit Committee Member

Sulaiman Alhatlan currently serves as a Board member and CEO of Growth Avenue Investment Company, the investment arm of Maharah Human Resources Company. He is also a Board member at other listed companies namely Saudi Vitrified Clay Pipes Company, Riyadh Development Company and Lumi Rental Company. He is an Audit Committee member for several listed and unlisted companies. Throughout his career, Sulaiman has carried out many senior financial advisory roles for both the public and private sectors. He holds a Bachelor's degree in Accounting from King Saud University (1994), and a Master's degree in Accountancy from California State University (1998).

Investment Committee

The Board of Directors issued a resolution dated 8 June 2020 to form the Investment Committee as a new committee, including the Investment Committee Regulation setting out the Committee's duties and authorities. At the same time, the Board abolished its Executive Committee. The purpose of the Investment Committee (the "Investment Committee" or "Committee") Regulation is to set out the composition, responsibilities and duties of the Committee and to define the interaction with the Board of Directors and Executive Management. The primary purpose of the Committee is to assist the Board in fulfilling its responsibilities towards the strategic planning and investments of Almarai Company and to oversee the Company's existing and future investments.

Rules for selecting members of the Investment Committee, how they are nominated and the duration of their membership

- An Investment Committee shall be formed from among the Board Members or others by a resolution of the Board of Directors
- Nomination of Investment Committee members shall be pursuant to the recommendation of the Remuneration and Nomination Committee
- The number of members of the Committee shall not be less than three nor more than five
- The Committee Chairman shall be appointed by the members thereof at the first Committee meeting
- Members of the Investment Committee shall be appointed for a period not exceeding three years and may be reappointed as needed for the Committee's formation
- At its first meeting, the Investment Committee shall appoint a Secretary from among its members or the Company's employees
- The Committee members shall have the appropriate experience and qualifications relevant to the duties, responsibilities and the nature of the Committee's functions
- If an Investment Committee seat becomes vacant, the Company's Board of Directors may appoint a temporary member to the vacant position, provided that the latter has the required expertise and competence. The CMA shall be informed thereof, within five business days from the date of such appointment
- The Company undertakes to notify the CMA of the names of its Investment Committee members and the status of their membership, within five business

days from the date of their appointment, as well as any changes that may affect their membership within five business days from the occurrence of such changes

- Membership of the Investment Committee shall expire upon the expiry of the Committee's term or the expiry of the member's membership, in accordance with any applicable Saudi law, regulation or instruction. However, the Board of Directors may, at any time, remove all or some members of the Investment Committee. Members may also resign, on condition that they do so at an appropriate time, lest they be held liable towards the Company for damages resulting therefrom.

Duties and competencies of the Investment Committee

The Investment Committee shall be competent to:

- Work with Executive Management to develop an investment strategy and policy for the Company commensurate with the nature of its business, activities and risks, and make appropriate recommendations to the Board of Directors
- Review the investment strategy and policy regularly to ensure its alignment with any changes that may occur in the external work environment in which the Company operates, legislation regulating business, or strategic objectives or otherwise, and recommend to the Board proposed changes
- Oversee the Company's investment activities and establish appropriate processes for measuring and assessing investment performance
- Study and evaluate the investment opportunities proposed by the Executive Management regarding the following transactions and make appropriate recommendations:
 - Mergers or acquisitions of companies, businesses or assets
 - Any termination, sale, transfer of ownership, exit or disposition of an existing investment
 - Joint ventures under partnership agreements
 - Investments/expansions in new or existing projects
 - Investment opportunities that Executive Management wishes to enter
 - Examination of financing prospects for the above transactions
 - Ensure that the proposed investment opportunities comply with relevant regulations and instructions
 - Identify and prioritize proposed investment proposals

- Study the progress on the approved investment opportunities
- Carry out any tasks assigned by the Board of Directors
- Review and follow up on the implementation of Board and Investment Committee decisions

Meetings of the Investment Committee

- The Investment Committee shall convene periodically, at least every six months, and whenever needed
- The Investment Committee meetings are quorate, if attended by a majority of its members. Committee resolutions shall be adopted by a majority of the members present. In case of a tie, its Chairman shall have the casting vote
- The Chairman of the Investment Committee shall call for the convening of Committee meetings. Any member of the Investment Committee or the Chairman of the Board may ask the Chairman of the Investment Committee to call the Committee to meet
- The invitation to the meeting of the Investment Committee shall be sent to the Committee members, together with the agenda, seven days before the date of the scheduled meeting, unless the members agree otherwise
- No Member of the Board of Directors or Executive Management shall be entitled to attend Investment Committee meetings unless the Committee requests to hear his/her opinion or obtain his/her advice. Attendance of Investment Committee meetings shall be limited to the members and the Secretary of the Committee
- Investment Committee meetings shall be documented and minutes including the discussions and deliberations carried during such meetings shall be prepared. Recommendations of the Committee and voting results shall be documented and retained in a special and organized register, including the names of the attendees and any reservations they expressed (if any). Such minutes shall be signed by all of the attending members
- The Chairman of the Investment Committee or his assignee shall attend the Company's General Assemblies to answer shareholders' questions

- The Investment Committee shall submit summary reports to the Board of Directors following each of its meetings
- Within the scope of its powers, the Investment Committee may seek assistance from any expert or specialist, whether internal or external. This shall be included in the minutes of the Committee meeting. Such minutes shall state the name of the expert and his/her relation to the Company or its Executive Management

Powers of the Investment Committee

In the performance of its duties, the Investment Committee may:

- Request appropriate information that will enable the Committee to carry out its roles and responsibilities
- Investigate any matter falling within its functions, or any subject specifically requested by the Board of Directors
- Access the Company's records and documents
- Seek legal and technical advice from any third-party or other independent consultant, when necessary, to assist the Committee in performing its functions
- Review investment opportunities proposed by the Executive Management, provided that the justifications for approval or rejection are documented in the minutes of meetings
- Recommend investment opportunities to the Board of Directors

Investment Committee members remuneration

- The remuneration of the Committee members shall be a fixed cash amount, in addition to an attendance allowance
- The annual remuneration for the members of the Committee shall be determined as per the recommendation of the Remuneration and Nomination Committee to the Board of Directors

Final provisions (Application and Review)

This Regulation shall be effective from the date of its approval by the Board of Directors. This Regulation shall be reviewed by the Board of Directors, and any amendments shall be approved by the Board of Directors

No.	Member Name	Position	Meetings				Attendance Rate
			First 19-Mar-23	Second 22-May-23	Third 7-Sep-23	Fourth 13-Nov-23	
1	Mr. Bader Bin Abdullah Al Issa	Chairman	Attended	Attended	Attended	Attended	100%
2	Mr. Ammar Bin Abdulwahid Alkhudairy	Member	Attended	Attended	Attended	Attended	100%
3	Mr. Mohammed Bin Mansour Almousa	Member	Attended	Attended	Attended	Attended	100%
4	HH Prince Naif Bin Sultan Bin Mohammed Bin Saud Al Kabeer	Member	Attended	Attended	Attended	Attended	100%

Remuneration and Nomination Committee

The Board formed this Committee for a period of three years starting from 7 August 2019. The regulation of the Remuneration and Nomination Committee including the remuneration of its members was approved by the Company's General Assembly on 8 October 2017 in accordance with Articles 60 and 64 of the Corporate Governance Regulations issued by the CMA. The Committee has the role of making recommendations to the Board of Directors on nominations to the Board, developing clear policies for the remuneration of the Board of Directors and Senior Executives of the Company and its subsidiaries, reviewing the structure of the Board of Directors, identifying weaknesses and strengths of Members of the Board, ensuring the independence of Independent Members (annually) and ensuring the absence of conflicts of interest if Members also belong to the board of directors of another company.

Regarding remuneration, the Committee shall be responsible for the following:

- Preparing a clear policy for the remuneration of the Board Members and its Committees, and the Executive Management, and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that are linked to performance, and disclosing and ensuring the implementation of such policy
- Clarifying the relation between the paid remuneration and the adopted Remuneration Policy and highlighting any material deviation from that policy
- Periodically reviewing the Remuneration Policy and assessing its effectiveness in achieving its objectives
- Providing recommendations to the Board in respect of the remuneration of its Members, its Committees and Senior Executives, in accordance with the approved policy
- Reviewing the financial remuneration of the Chief Executive Officer, including long term and short term incentives, in addition to setting the performance level to be achieved by the Chief Executive Officer, and providing recommendations to the Board in respect thereof
- Reviewing and authorizing the Chief Executive Officer's recommendations as to financial remuneration of Senior Executives

- Ensuring and observing the compliance of the Company with respect to the policy for the remuneration of the Board Members and its Committees, and the Executive Management approved by the General Assembly of shareholders

Regarding nominations, the Committee shall be responsible for the following:

- Suggesting clear policies and standards for membership of the Board and the Executive Management
- Providing recommendations to the Board for the nomination or renomination of its Members, in accordance with approved policies and standards, taking into account that nominations shall not include any person convicted of a crime involving moral turpitude or dishonesty
- Preparing a description of the capabilities and qualifications required for Membership of the Board and Executive Management positions
- Determining the amount of time that the Member shall allocate to the activities of the Board
- Annually reviewing the skills and expertise required of the Board Members and the Executive Management, while determining the strengths and weaknesses of the Board and Executive Management, and recommending remedial solutions that serve the Company's interests
- Reviewing the structure of the Board and Executive Management, as well as providing recommendations regarding changes that may be made to such structure
- Annually ensuring 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 directors of another company
- Providing job descriptions for the Executive, Non-Executive and Independent Directors and Senior Executives
- Establishing procedures to be followed if the position of a Member of the Board or a Senior Executive becomes vacant
- Determining the strengths and weaknesses of the Board and recommending remedial solutions that serve the Company's interests
- Providing an appropriate level of training and induction to new Board Members regarding the Company's tasks and achievements so that they can perform their duties effectively

- Examining and reviewing the Executive Management's performance
- Examining and reviewing succession plans for the Company in general, and for the Board of Directors, Chief Executive Officer and Senior Executives
- Examining and reviewing the recommendations of the Chief Executive Officer regarding the appointment and termination of Senior Executives, except for the Head of the Internal Audit department who shall be appointed and dismissed upon the recommendation of the Company's Audit Committee

Remuneration and Nomination Committee meetings during 2023

During 2023, the Remuneration and Nomination Committee held three meetings. The following table illustrates the names, positions and attendance of Committee members.

No.	Member Name	Position	Meetings			Attendance Rate
			First 23-May-23	Second 13-Nov-23	Third 14-Dec-23	
1	Mr. Ammar Bin Abdulwahid Alkhudairy	Chairman	Attended	Attended	Attended	100%
2	Mr. Bader Bin Abdullah Al Issa	Member	Attended	Attended	Attended	100%
3	Mr. Hosam Bin Ali Alqurashi	Member	Attended	Attended	Attended	100%
4	HH Prince Saud Bin Sultan Bin Mohammed Bin Saud Al Kabeer	Member	Attended	Attended	Attended	100%

Audit Committee

The Company's Ordinary General Assembly formed this Committee for a period of three years starting from 7 August 2016. As an amendment, regulation of the Audit Committee, including the remuneration of its members, was approved by the Company's General Assembly on 8 October 2017, in accordance with Article 101 of the Companies Law. The Audit Committee shall be competent in monitoring the Company's activities and ensuring the integrity and effectiveness of the reports, Financial Statements and internal control systems. The duties of the Audit Committee shall, in particular, include the following:

Financial reports

- Analyzing the Company's Interim and Annual Financial Statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency
- Providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's Financial Statements are fair, balanced, understandable and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model and strategy
- Analyzing any important or non-familiar issues contained in the financial reports
- Accurately investigating any issues raised by the Company's CFO or any person assuming his or her duties, or the Company's Compliance Officer or external Auditor
- Examining accounting estimates in respect of significant matters that are contained in the financial reports
- Examining the Company's accounting policies and providing the Board with its opinion and recommendations thereon

Internal Audit

- Examining and reviewing the Company's internal and financial control systems
- Analyzing internal audit reports and following up on the implementation of corrective measures in respect of the remarks contained therein
- Monitoring and overseeing the performance and activities of the Company's internal Auditor and Internal Audit department to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties

- Submitting a recommendation to the Board on appointing a Director for the Internal Audit department and suggesting the remuneration thereof.
- Studying and reviewing the Company's internal control system and preparing a written report on its opinion regarding the adequacy thereof and other activities that it conducted within its competence
- The Board shall make available sufficient copies of said report at the Company's head office at least 10 days prior to the date set for the General Assembly Meeting, in order to provide each shareholder with a copy of said report, which shall be read during the Assembly

The Auditor

- Providing recommendations to the Board to nominate auditors, dismiss them, determine their remuneration and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts
- Verifying the independence of the Auditor, its objectivity, fairness and the effectiveness of audit activities, taking into account relevant rules and standards
- Reviewing the plan of the Company's Auditor and its activities and ensuring that it does not provide any technical or administrative work that is beyond its scope of work, and provides its opinion thereon
- Responding to queries of the Company's Auditor
- Reviewing the Auditors' reports and its comments on the Financial Statements, as well as following up on the procedures taken in connection therewith

Ensuring compliance

- Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith
- Ensuring the Company's compliance with relevant laws, regulations, policies and instructions
- Reviewing the contracts and proposed related party transactions and providing its recommendations to the Board in connection therewith
- Reporting any issues to the Board in connection with what it deems necessary to take action on and providing recommendations as to the steps that should be taken

The Committee is formed according to the following rules:

- An Audit Committee shall be formed by a resolution of the Ordinary General Assembly of the Company upon the recommendation of the Board of Directors
- Nomination of Audit Committee members shall be pursuant to the recommendation of the Remuneration and Nomination Committee
- Audit Committee members may be shareholders or others, provided that at least one of them is an independent member, and that one of its members is specialized in finance and accounting
- The Audit Committee shall not include any Executive Directors
- Any person who works or has worked in the Executive or Financial Management of the Company or with the Auditor of the Company during the last two years may not be a member of the Audit Committee
- The number of members of a committee shall not be less than three or more than five
- The Chairman of the Board of Directors may not be a member of the Audit Committee
- Members of the Audit Committee shall be selected in such a way as to ensure that they possess a variety of skills and expertise, taking into account their possession of appropriate expertise in the Company's business sector, including those who are competent in financial and accounting matters
- Members of the Audit Committee shall be appointed for a period not exceeding three years and may be reappointed as needed for the Committee's formation
- The Chairman of the Audit Committee shall be an independent member and shall be appointed by the members thereof at the first Committee meeting
- At its first meeting, the Audit Committee shall appoint a secretary from among its members or the Company's employees
- If an Audit Committee seat becomes vacant, the Company's Board of Directors may appoint a temporary member to the vacant position, provided that the latter has the required expertise and competence. The CMA shall be informed thereof within five business days from the date of appointment, which shall be submitted before the Ordinary General Assembly at its first subsequent meeting. The new Audit Committee member shall complete the term of his or her predecessor
- The Company undertakes to notify the CMA of the names of its Audit Committee members and the status of their memberships within five business days from the date of their appointment, as well as any changes that may affect their membership, within five business days from the occurrence of such changes

As per Article 103 of the Companies Law, the Audit Committee may ask the Board of Directors to call a General Assembly to convene if the Board of Directors hinders its work or when the Company suffers serious damages or losses. During 2023, the Audit Committee held five meetings. The following table illustrates the names, positions and attendance of the Committee members.

No.	Member Name	Position	Meetings					Attendance Rate
			First 19-Jan-23	Second 6-Apr-23	Third 13-Jul-23	Fourth 5-Oct-23	Fifth 5-Dec-23	
1	Mr. Raied Bin Ali Alseif	Chairman	Attended	Attended	Attended	Attended	Attended	100%
2	Mr. Eid Bin Faleh Alshamri	Member	Attended	Attended	Attended	Attended	Attended	100%
3	Dr. Salah Bin Khalid Altaieb	Member	Attended	Attended	Attended	Attended	Attended	100%
4	Mr. Salman Bin Abdulmuhsin Alsudeary	Member	Attended	Attended	Attended	Attended	Attended	100%
5	Mr. Sulaiman Bin Naser Alhatlan	Member	Attended	Attended	Attended	Attended	Attended	100%

Results of Annual Internal Audit Procedures

Internal control system

The Board shall approve an internal control system for the Company in order to assess the policies and procedures relating to risk management, implementation of the provisions of the Company's governance rules approved by the Company and compliance with the relevant laws and regulations. Such a system shall ensure compliance with clear accountability standards at all executive levels in the Company, and that related party transactions are implemented in accordance with the relevant provisions and controls.

Establishing independent departments within the Company

For purposes of implementing the approved internal control system, the Company has established departments for the assessment and management of risks and for internal auditing. The Company may utilize external entities to perform the duties and competencies of the units or departments of risk assessment and management and internal control without prejudice to the Company's responsibility for those duties and competencies.

Duties of the Internal Audit department

The Internal Audit department shall assess and monitor the implementation of the internal control system and verify that the Company and its employees comply with the applicable laws, regulations and instructions as well as the Company's policies and procedures. The Internal Audit department shall be composed of an internal Audit Manager whose appointment is recommended by the Audit Committee. Such internal Auditor shall be responsible before the Audit Committee and a number of competent employees. The formation and operation of the Internal Audit department shall take into consideration the following:

- Employees of such department shall be competent, independent and adequately trained, and shall not be entrusted with any functions other than internal audit duties and internal control systems
- The Internal Audit department shall report to the Audit Committee and shall be subordinate and accountable to it

- The remuneration of the Manager of the Internal Audit department shall be determined by a recommendation of the Audit Committee, as per Company policies
- The department shall be given access to information and documents, and shall be able to obtain the same without any restrictions

Internal Audit plan

The Internal Audit department shall operate pursuant to a comprehensive audit plan approved by the Audit Committee. The plan shall be updated annually. Key activities and operations, including the activities of the Risk Management and Compliance departments, shall be reviewed at least annually.

Maintaining internal Audit Reports

The Company shall keep records of the audit reports and business documents, which shall clarify its accomplishments, findings and recommendations, and all actions taken in this regard.

Internal Audit Report

- The Internal Audit department shall prepare and submit, at least quarterly, a written report on its activities to the Board and the Audit Committee. Such report shall include an assessment of the Company's internal control system and the final opinion and recommendations of the department. Such report shall also specify the procedures taken by each department for addressing the findings and recommendations from the previous audit, and any remarks thereon, particularly failures to promptly address such findings and recommendations and the reasons for such failure
- The Internal Audit department shall prepare a general written report to be submitted to the Board and the Audit Committee on the audit activities it carried out during the financial year, compared to the approved plan. Such report shall explain the reasons for any deviation from the plan, if any, during the quarter following the end of the relevant financial year
- The Board shall specify the scope of the report of the Internal Audit department, based on recommendations from the Audit Committee and the Internal Audit department. The report shall include the following in particular:

- Procedures for monitoring and overseeing the financial affairs, investments and risk management
 - Assessing the development of risk factors threatening the Company and the existing systems, in order to confront radical or unexpected changes on Tadawul
 - An assessment of the performance of the Board and the Senior Management with respect to the implementation of internal control systems, including specifying the number of times the Board has been informed of control issues (including risk management) and a description of the method followed to address such issues
 - Failures or weaknesses in the implementation of internal control, or emergency situations that have affected or may affect the Company's financial performance, and the measures taken by the Company to address such failures (particularly the issues disclosed in the Company's Annual Reports and its Financial Statements)
 - The extent to which the Company has complied with the internal controls when determining and managing risks
 - Information describing the Company's risk management operations
- The Audit Committee directly supervises Internal Audit, while Internal Audit continuously examines the efficiency and effectiveness of Almarai's internal control systems. Accordingly, the Board of Directors, based on the reports and recommendations of the Audit Committee, and in line with its business plan, confirms the following in respect of 2023:
 - No matters were brought to the Board's attention that would lead the Board to believe that there was a fundamental lack of integrity in financial and accounting systems such that it would require disclosure
 - The control systems are effectively functioning and facilitating the mitigation of potential risks that Almarai and its subsidiaries may face and that no matters relating to the functioning of internal controls were brought to the Board's attention that were material and would require disclosure
 - All necessary arrangements and corrective actions have been taken on all the concerns and recommendations raised by Internal Audit to the Audit Committee

Risk Committee

The Committee has the role of developing a strategy and comprehensive policies for risk management, monitoring their implementation, and reviewing and updating them. The Committee also determines and maintains an acceptable level of risk that may be faced by the Company ensuring that the Company does not go beyond such level, ensuring the feasibility of the successful continuation of the Company.

The Committee shall be responsible for the following:

- Examining and reviewing the Company's risk management policies
- Developing a strategy and comprehensive policies for risk management that are consistent with the nature and volume of the Company's activities, monitoring their implementation, and reviewing and updating them based on the Company's internal and external changing factors
- Determining and maintaining an acceptable level of risk that may be faced by the Company and ensuring that the Company does not go beyond such level
- Ensuring the feasibility of the Company's continuation, the successful continuity of its activities and determining the risks that threaten its existence during the following 12 months
- Overseeing the Company's risk management system and assessing the effectiveness of the systems and mechanisms for determining and monitoring the risks that threaten the Company in order to determine areas of inadequacy therein
- Regularly reassessing the Company's ability to manage risks and to be exposed to such risks
- Preparing detailed reports on the exposure to risks and the recommended measures to manage such risks and presenting them to the Board
- Providing recommendations to the Board on matters related to risk management
- Ensuring the availability of adequate resources and systems for risk management
- Reviewing the organizational structure pertaining to risk management and providing recommendations regarding the same before approval by the Board
- Verifying the independence of risk management employees from activities that may expose the Company to risk
- Ensuring that risk management employees understand the risks threatening the Company and seeking to raise awareness of the culture of risk
- Reviewing any issues raised by the Audit Committee that may affect the Company's risk management

Risk Management Committee meetings during 2023

During 2023, the Risk Management Committee held four meetings. The following table illustrates the names, positions and attendance of Committee members.

No.	Member Name	Position	Meetings				Attendance Rate
			First 19-Mar-23	Second 31-May-23	Third 10-Sep-23	Fourth 19-Nov-23	
1	Mr. Waleed Bin Khalid Fatani	Chairman	Attended	Attended	Attended	Attended	100%
2	Mr. Raied Bin Ali Alseif	Member	Attended	Attended	Attended	Attended	100%
3	Mrs. Vanessa Fisk	Member	Attended	Attended	Attended	Attended	100%

Related Party Transactions

Almarai's written policy on conflict of interest addresses potential conflict situations for Directors, Executives and shareholders. The General Assembly is notified of any potential conflict of interest requiring approval. During the

normal course of its operations in 2023, Almarai carried out the following significant transactions with related parties on an arms' length basis.

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

Dealings during the year 2023

The following significant related party transactions during 2023 required approval from the General Assembly.

Member	Nature of Dealing	Amount SAR '000	Period	Conditions
Chairman / HH Prince Naif Bin Sultan Bin Mohammed Bin Saud Al Kabeer				
Mobile Telecommunication Company Saudi (ZAIN)	Telecommunication services	10,946	2023	Commercial condition prevailing in the market
Savola Group (Mr. Sulaiman Bin Abdulkadir Almuheidib, Mr. Bader Bin Abdullah Al Issa and Mr. Waleed Bin Khalid Fatani)				
Panda Retail Company	Product Sales	802,370	2023	Commercial condition prevailing in the market
United Sugar Company	Sugar Purchasing	73,338	2023	Commercial condition prevailing in the market
Herfy Food Services Co.	Product Sales	161	2023	Commercial condition prevailing in the market
Arabian Shield Cooperative Insurance Company (HH Prince Naif Bin Sultan Bin Mohammed Bin Saud Al Kabeer, Mr. Salman Bin Abdelmuhsin Alsudeary)				
Arabian Shield Cooperative Insurance Company	Insurance	186,770	2023	Commercial condition prevailing in the market
Mr. Bader Bin Abdullah Al Issa				
Banque Saudi Fransi	Bank Financing	14,735	2023	Commercial condition prevailing in the market
International Food Industries Co.	Purchasing	81,443	2023	Commercial condition prevailing in the market
Mr. Ammar Bin Abdulwahid Alkhudairy				
Alkhorayef Lubricant Co.	Purchasing	11,145	2023	Commercial condition prevailing in the market
Al Khorayef Commercial Co. Ltd	Purchasing	30,239	2023	Commercial condition prevailing in the market
Alkhorayef Industries Co.	Purchasing	388	2023	Commercial condition prevailing in the market
Alkhorayef Water And Power	Purchasing	1,404	2023	Commercial condition prevailing in the market
Mr. Mohammed Bin Mansour Almoussa				
Abdullah Al Othaim Markets	Product Sales	604,969	2023	Commercial condition prevailing in the market
Minerva Sa	Services	1,120	2023	Commercial condition prevailing in the market

Disclosure and Transparency Policy

Almarai seeks to provide accurate, regularly updated information to all its stakeholders and other interested parties. This policy reflects current activities and will be updated as and when those activities change. The Company publishes and regularly updates information about corporate structure and operations, partners, investments, other commercial activity and performance related information. As a publicly listed Company, Almarai recognizes its obligation to respond appropriately to legitimate questions from consumers, customers, government, the media and other stakeholders. Information disclosed by Almarai under this policy is available on various websites including the Company's website (www.almarai.com) and the Saudi Stock Exchange (Tadawul) website (www.tadawul.com.sa).

The following information is updated and published annually, or as required by the law and relevant rules and regulations.

This is not an exhaustive list – other useful information is also disclosed as required:

- Board Members
- Board Committee Membership
- Board Reports
- Quarterly Reports and Financial Statements
- Annual Reports and Financial Statements
- Accounting Policies
- Related Party Transactions
- Review of Principal Activities
- Auditors' Report

In the following circumstances, Almarai will not routinely publish information:

- Where disclosure would, or would be likely to, prejudice the commercial interests of Almarai, its business partners or other third parties, and where the public interest in disclosure does not outweigh the public interest in maintaining the exemption
- When information has been given to Almarai in confidence, and where disclosure could give rise to an action for breach of confidence
- Personal information about Almarai employees, Board Members or other individuals, where to do so may be in breach of data protection principles
- Where disclosure would, or would be likely to, prejudice the investigation, prevention or detection of crime, or the administration of justice
- When information is subject to legal privilege

Hotline compliance: Code of Conduct (COC) / Conflict of Interest (COI) / Whistleblowing Policy

Almarai is an organization with strong values of responsibility and integrity. Our Code of Conduct contains general guidelines for conducting business with the highest standards of ethics. Almarai is committed to an environment where open, honest communications are the expectation, not the exception. We strive to create an environment where any stakeholder, whether internal or external, feels comfortable in reporting an instance that he or she believes violates Almarai's Code of Conduct policies or standards. In this spirit, Almarai has partnered with a leader in ethics and compliance reporting, to provide a transparent and anonymous reporting mechanism, hosted by a third-party hotline provider. All stakeholders are encouraged to submit reports relating to violations stated in Almarai's Code of Conduct, as well as ask for guidance related to policies and procedures and provide positive suggestions and stories with a guarantee that their comments will be heard. Web link: <https://www.almarai.com/en/corporate/compliance/>

Historic information

The information that Almarai publishes on its website is mainly current information, although some historic information is available, for example previous Annual Reports.

Contact Almarai

Related or interested parties are invited to communicate with the Investor Relations department by email: investor.relations@almarai.com. Interested parties may also contact the Company on the following telephone numbers: 800 124 6688 in Saudi Arabia, or +966 (11) 453 6688 from abroad. Interested parties may also contact Almarai by email: info@almarai.com

For more information, visit the Company's website: www.almarai.com

Board of Directors Certification

The Board of Directors has taken care to ensure the professional performance of the Company during 2023 and certifies the following:

- There are no equity shares or debt instruments belonging to subsidiaries
- There were no convertible debt instruments, or any securities or contractual rights of initial public offering or similar rights issued or granted by Almarai, and there was no compensation obtained by Almarai in return
- There were no rights of conversion or initial public offering under convertible debt instruments, or any securities or contractual rights of initial public offering or similar rights issued or granted by Almarai
- There were no substantial operational conflicts of interest during 2023, other than those that have been disclosed
- We did not receive a request from the external Auditors to call a meeting of the General Assembly during 2023
- We did not receive a request from shareholders owning 5% or more of the Company's share capital to call a meeting of the General Assembly during 2023
- There was no procedure that might lead to the obstruction of shareholders' rights of voting
- There were no significant events affecting the integrity of the financial position of the Company after the financial year 2023 requiring disclosure, other than information that is available and declared

- The Company did not provide loans or credit facilities to any Member of the Board of Directors
- Proper books of account have been maintained
- The system of internal control is sound and has been effectively implemented
- There are no significant doubts concerning Almarai's ability to continue as a going concern

Recommendations to the General Assembly

After reviewing the most important operational and financial activities for the financial year 2023, we are pleased to attach the Consolidated Financial Statements with the Auditor's Report. We recommend that the General Assembly approve the Directors' Report, the Consolidated Financial Statements and the Auditor's Report. The place and time of the General Assembly Meeting and any other items on the agenda will be announced at a later date.

Board training

In 2023, the Members of the Board received training from Latham and Watkins LLC in Riyadh, Kingdom of Saudi Arabia. The program focused on new company law highlighting the changes introduced, including the opportunities and challenges, mandatory and optional provisions, and insight of what other listed companies are following.

Financial Performance for 2023

Financial performance

The consolidated profit attributable to shareholders of SAR 2,049 million, is an increase of 16% year-on-year mainly due to revenue growth of 5%, stabilized commodity costs and strong cost control.

Almarai's revenue growth of 5% was driven mainly by growth in the GCC countries and was spearheaded by the Dairy and Poultry categories.

The gross profit percentage for Almarai improved by 90 basis points to reach 31% for the year 2023, driven by improved product and country mix. In addition, strict cost control, dedicated efficiency programs and targeted marketing spend helped improve the operating profit percentage by 160 basis points to 14% for the year 2023.

Lastly, despite higher funding costs due to higher interest rates, net income grew from SAR 1,760 million to SAR 2,049 million, an increase of 16% year-on-year.

Due to increases in global commodity costs, Almarai's inventory, and its working capital, experienced inflationary pressures. In addition, Almarai purchased additional inventory to manage the preparation of Ramadan in 2024 which will take place nine days earlier than in year 2023. As a result, the inventory increased by SAR 911 million and working capital increased to 23% of revenues.

Segmental results

Dairy and Juice segments recorded 3% revenue growth over the last year due to normalized trading conditions, impacted by EGP devaluation. The profit growth in this segment was in line with the revenue growth, recording a growth of 4% on a year-on-year basis.

Bakery segment revenue growth of 6% was driven by higher sales of the bread and buns category. Higher sales growth resulted in additional economies of scale benefit resulting in net profit growth of 15% in 2023, relative to 2022.

Poultry segment revenue grew by 17% which was mainly volume driven. The additional volume was driven by excess capacity made available earlier in the year and assisted in realizing further operational synergies to achieve 43% growth in net profit.

Geographic sales

Saudi Arabia, holding 67% value share of Almarai's sales at country level, remains the major contributor of sales for the Company by adding SAR 1,088 million to the total revenue growth. The UAE came in as the second largest market for Almarai representing 9% of its total sales, followed by Egypt.

Cash flow and balance sheet

The Company delivered net cash generated from operating activities of SAR 4,483 million, an increase of 17% over last year driven by higher revenue, overhead cost control and improved working capital management relative to year 2022.

The net cash used in investing activities of SAR 3,304 million (net of investment in time deposit) in 2023 was significantly higher than the previous years spend of SAR 1,988 million, mainly due to planned investment in poultry capacity expansion.

By the end of 2023, the overall leverage of the Company reached 2.1 net debt to EBITDA, which is now lower than the strategic limit set by the Board of Directors of 2.5 times. The net debt to equity ratio reached 53% at the end of 2023, below the 100% target.

Managing risks

In the course of the year, the maturity profile of the existing debt facilities increased from 4.5 years to 4.8 years due to new international Sukuk issuance. The Company will continue to review and consolidate its debt profile to ensure a diversified and aligned maturity profile with its free cash flow generation expectations. The Company's interest rate hedging program ensured an optimum percentage of debt in a fixed interest rate regime to protect it from unfavorable movement earlier in the year. The policy is to keep the hedge ratio between 50% to 80% of its borrowings at a fixed commission. During 2023, volatile currency risk was managed via maintaining minimal foreign currency exposure in both Egyptian and Argentinean operations. The Company entered into future currency contracts to eliminate volatility in foreign currency. The Company further consolidated its commodities hedging program for corn, soybeans, soymeal, plastic and sugar, with an established risk framework in place to guard against challenges created by volatile commodity prices. In addition, the Treasury team also engaged in a comprehensive overhaul of existing insurance policies to ensure optimized coverage aligned with Almarai's changing risk profile.

Existing financing

Almarai continued to enjoy a strong credit standing with various government and non-government financial and lending institutions, as well as from fixed income investors from both domestic and international markets. This favorable position results from Almarai's predictable positive operating cash flows and its clear strategy for sustainable growth. Existing financing amounted to SAR 12,028 million at the end of 2023, in the form of Murabaha banking facilities compliant with Shariah (excluding the banking facilities of foreign and

GCC subsidiaries), government funding and Sukuk from fixed income investors. All contractual terms and guarantees used for these financing agreements are executed with normal commercial conditions, including the mortgage of assets and production lines amounting to SAR 960.7 million, to the benefit of government financial institutions. Financing facilities granted by banks and other financial institutions are guaranteed by secured promissory notes issued by the Company.

Source of financing (SAR million)

Source of Financing	Amount of Core Funding	Financing Period	Payment Method	Start of Year 2023	Additions during the Year	Paid during the Year	31-Dec-23	Maturity Date
Banks and Financial Institutions (Islamic Banking Facilities)	10,581.2	2-10 years	Quarterly, semi-annual and annual	5,738.9	12,167.6	12,623.5	5,283.0	2023-2032
Banking Facilities of Foreign Subsidiaries	524.0	1-7 years	Quarterly, semi-annual and annual	213.3	580.7	581.4	212.6	2023-2026
Saudi Industrial Development Fund	877.2	1-11 years	Semi-annual	1,159.2	0	282.1	877.2	2023-2028
Supranational	587.1	1-9 years	Semi-annual	400.7	0	95.0	305.7	2023-2030
Agricultural Development Fund	583.5	11 years	Annual	103.1	500.0	19.6	583.5	2023-2027
International Sukuk	4,766.1	5-10 years	Lump sum	1,898.9	2,800.8	(66.4)	4,766.1	Jul-33
Total	17,919.1			9,514.0	16,049.1	13,535.2	12,028.0	

Classification of funding (SAR million)

Classification of Funding	2023 (SAR million)	2022 (SAR million)
Short term loans	117.4	91.0
Current portion of long term loans	3,411.4	974.1
Loans - Non-current liabilities	8,499.2	8,448.9
Total	12,028.0	9,514.0

Maturity of funding (SAR million)

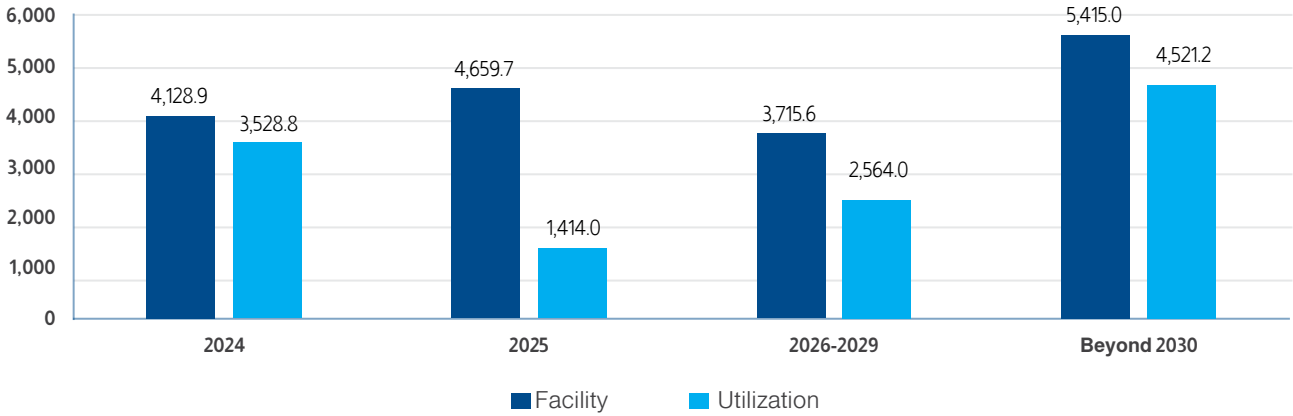
Maturity of Funding	2023 (SAR million)	2022 (SAR million)
Less than one year	3,528.8	1,065.1
One to two years	1,414.0	3,938.1
Two to five years	2,564.0	2,867.2
Greater than five years	4,521.2	1,643.6
Total	12,028.0	9,514.0

Potential financing

Due to the continuing need to finance Almarai's current operations and potential future investments, Almarai manages any excess cash and constantly provides the necessary financing solutions for all operational needs, as

well as funding proposals for cost efficient financing facilities. The volume of unutilized banking facilities and available government financing amounted to SAR 5,891.1 million at the end of 2023.

Facilities and utilization (SAR million)



Financial Statements



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Independent Auditor's Report to the Shareholders of Almarai Company

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

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

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

Key Audit Matters

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

Carrying value of intangible asset - goodwill

Refer to Note 5.10 for the accounting policy relating to goodwill and Note 10 for the related disclosures in the accompanying consolidated financial statements.

The key audit matter

As at 31 December 2023, the carrying value of goodwill amounted to SAR 940 million (2022: SAR 948.7 million). The goodwill relates to the acquisition of Western Bakeries Limited, Hail Agricultural Development Company, International Dairy and Juice Limited and Bakemart.

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

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

We considered impairment of goodwill as a key audit matter, as the estimation of future cash flows and the assumptions involved in calculating the discounted value of these cash flows involve judgement that impacts the determination of recoverable amount and consequently impacts the impairment assessment of goodwill.

How the matter was addressed in our audit

We performed the following audit procedures in relation to the management's assessment of impairment of goodwill:

- Assessed the design and implementation, and tested the effectiveness of the Group's controls around goodwill impairment assessment process;
- Assessed the appropriateness of the Group's goodwill impairment assessment model against the requirements of IAS 36;
- Involved our specialists for assessing the reasonableness of the VIU calculations and the underlying assumption, including cash flow projections and discount rates used;
- Tested the accuracy and relevance of the input data used in the model by reference to supporting evidence, including approved budgets, and considered the reasonableness of these budgets by comparing the Group's historical results and performance against budgets;
- Performed sensitivity analysis over the key assumptions, principally sales growth rates and discount rates, to ascertain that any adverse reasonably possible changes to the key assumptions would not cause the carrying amount of goodwill to exceed the recoverable amount; and
- Assessed the adequacy of the disclosures in the consolidated financial statements, including disclosures of key assumptions, judgements and sensitivities.

Other Matter

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

Other Information

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

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

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

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

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

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

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

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

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

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

Independent Auditor's Report to the Shareholders of Almarai Company

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Professional Services

Dr. Abdullah Hamad Al Fozan

License No.: 348

Riyadh on 21 January 2024

Corresponding to: 9 Rajab, 1445H

Consolidated Statement of Financial Position

As at 31 December 2023

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

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

Danko Maras
Chief Financial Officer

Abdullah Albader
Chief Executive Officer

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

Consolidated Statement of Profit or Loss

For the year ended 31 December 2023

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

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Danko Maras
Chief Financial Officer

Abdullah Albader
Chief Executive Officer

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

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

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

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

Danko Maras
Chief Financial Officer

Abdullah Albader
Chief Executive Officer

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Share Capital SAR '000	Statutory Reserve SAR '000	Treasury Shares SAR '000	Other Reserves SAR '000	Retained Earnings SAR '000	Equity Attributable to Equity Holders SAR '000	Non-Controlling Interests SAR '000	Total Equity SAR '000
Balance at 1 January 2022	10,000,000	2,585,270	(875,157)	(622,389)	5,031,770	16,119,494	498,919	16,618,413
Profit for the Year	-	-	-	-	1,759,812	1,759,812	18,326	1,778,138
Other Comprehensive Loss for the Year	-	-	-	(32,394)	(42,057)	(74,451)	(119,733)	(194,184)
Total Comprehensive (Loss) / Income	-	-	-	(32,394)	1,717,755	1,685,361	(101,407)	1,583,954
Transfer during the Year	-	175,981	-	-	(175,981)	-	-	-
Directors' Remuneration	-	-	-	-	(4,865)	(4,865)	-	(4,865)
Transactions with Owners in their Capacity as Owners								
Dividend Declared SAR 1 per Share	-	-	-	-	(981,841)	(981,841)	-	(981,841)
Share Based Payment Transactions	-	-	-	12,274	-	12,274	-	12,274
Settlement of Treasury Shares	-	-	8,555	(2,281)	(728)	5,546	-	5,546
Purchase of Additional Stake in MFI	-	-	-	(164,609)	-	(164,609)	(85,391)	(250,000)
Transactions with Non-Controlling Interests	-	-	-	-	-	-	(616)	(616)
Balance at 31 December 2022	10,000,000	2,761,251	(866,602)	(809,399)	5,586,110	16,671,360	311,505	16,982,865
Balance at 1 January 2023	10,000,000	2,761,251	(866,602)	(809,399)	5,586,110	16,671,360	311,505	16,982,865
Profit for the Year	-	-	-	-	2,049,123	2,049,123	2,406	2,051,529
Other Comprehensive Loss for the Year	-	-	-	(163,478)	(85,659)	(249,137)	(37,463)	(286,600)
Total Comprehensive (Loss) / Income	-	-	-	(163,478)	1,963,464	1,799,986	(35,057)	1,764,929
Transfer during the Year	-	204,914	-	-	(204,914)	-	-	-
Directors' Remuneration	-	-	-	-	(4,994)	(4,994)	-	(4,994)
Transactions with Owners in their Capacity as Owners								
Dividend Declared SAR 1 per Share	-	-	-	-	(982,330)	(982,330)	-	(982,330)
Share Based Payment Transactions	-	-	-	30,820	-	30,820	-	30,820
Settlement of Treasury Shares	-	-	251,836	(24,415)	45,895	273,316	-	273,316
Purchase of Treasury shares	-	-	-	-	-	-	-	-
Purchase of Additional Stake in IDJ (Refer note 1)	-	-	-	9,561	-	9,561	(264,561)	(255,000)
Transactions with Non-Controlling Interests	-	-	-	-	-	-	(781)	(781)
Balance at 31 December 2023	10,000,000	2,966,165	(614,766)	(956,911)	6,403,231	17,797,719	11,106	17,808,825

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

Danko Maras
Chief Financial Officer

Abdullah Albader
Chief Executive Officer

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

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

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

Danko Maras
Chief Financial Officer

Abdullah Albader
Chief Executive Officer

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

1. THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS DESCRIPTION

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

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

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

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

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

Jordan

Teeba Investment for Developed Food Processing

Egypt

International Company for Agricultural Industries Projects (Beyti) (SAE)

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

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

Seafood products are traded under the “Seama” brand name.

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

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

UAE

Almarai Emirates Company LLC

Oman

Arabian Planets for Trading and Marketing LLC

Bahrain

Almarai Company Bahrain W.L.L.

Kuwait

Al Kharafi Brothers Dairy Products Company Limited

Qatar

Khalid for Foodstuff and Trading Company

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

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

Argentina

Fondomonte South America S.A

USA

- Fondomonte Holdings North America LLC

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

1. THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS DESCRIPTION continued

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

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

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

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

a) Purchase of Additional Stake in a Subsidiary:

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

b) Climate change:

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

1. THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS DESCRIPTION continued

Details of subsidiary companies are as follows:

Name of Subsidiary	Country of Incorporation	Business Activity
Almarai Investment Company Limited	Saudi Arabia	Holding Company
Almarai Baby Food Company Limited	Saudi Arabia	Manufacturing Company
Almarai Construction Company Limited	Saudi Arabia	Dormant
Agricultural Input Company Limited (Mudkhalat)	Saudi Arabia	Dormant
Hail Agricultural Development Company	Saudi Arabia	Poultry / Agricultural Company
International Baking Services Company Limited	Saudi Arabia	Trading Company
International Pediatric Nutrition Company Limited	Saudi Arabia	Trading Company
Modern Food Industries Company Limited	Saudi Arabia	Bakery Company
Western Bakeries Company Limited	Saudi Arabia	Bakery Company
Pure Breed Poultry Company Limited	Saudi Arabia	Poultry Company
Premier Food Industries Company L.L.C	Saudi Arabia	Manufacturing and Trading Company
Artas United Limited Company	Saudi Arabia	Transportation and Storage Company
Almarai for Meat LLC	Saudi Arabia	Meat Company
Agro Terra S.A.	Argentina	Dormant
Fondomonte South America S.A.	Argentina	Agricultural Company
Almarai Company Bahrain W.L.L.	Bahrain	Trading Company
Almarai Investment Holding Company W.L.L.	Bahrain	Holding Company
Bakemart W.L.L.	Bahrain	Manufacturing and Trading Company
IDJ Bahrain Holding Company W.L.L.	Bahrain	Holding Company
International Dairy and Juice Limited	Bermuda	Holding Company
International Dairy and Juice (Egypt) Limited	Egypt	Holding Company
International Company for Agricultural Industries Projects (Beyti) (SAE)	Egypt	Manufacturing and Trading Company
Beyti For Importation and Exportation Company L.L.C.	Egypt	Trading Company
BDC Info Private Limited	India	Operations Management
Markley Holdings Limited	Jersey	Dormant
Al Muthedoon for Dairy Production	Jordan	Dormant
Al Atheer Agricultural Company	Jordan	Dormant
Al Namouthjya for Plastic Production	Jordan	Dormant
Al Rawabi for juice and UHT milk Manufacturing	Jordan	Manufacturing Company
Teeba Investment for Developed Food Processing	Jordan	Manufacturing Company
Arabian Planets for Trading and Marketing L.L.C.	Oman	Trading Company
Alyoum for Food Products Company L.L.C.	Oman	Dormant
Fondomonte Inversiones S.L.	Spain	Holding Company
Hail Development Company Limited	Sudan	Dormant
Almarai Emirates Company L.L.C.	UAE	Trading Company
BDC international L.L.C.	UAE	Operations Management
Almarai Company Drinks Manufacturing LLC	UAE	Manufacturing Company
Bakemart L.L.C	UAE	Manufacturing and Trading Company
Bakemart FZ L.L.C	UAE	Manufacturing and Trading Company
Fondomonte Holding North America L.L.C.	USA	Holding Company
Fondomonte Arizona L.L.C.	USA	Agricultural Company
Fondomonte California L.L.C.	USA	Agricultural Company
Hayday Farm Operation L.L.C.	USA	Agricultural Company

Effective Ownership Interest				
	2023	2022	Share Capital	Number of Shares Issued
	100%	100%	SAR 1,000,000	1,000
	100%	100%	SAR 200,000,000	200,000
	100%	100%	SAR 1,000,000	1,000
	52%	52%	SAR 25,000,000	250
	100%	100%	SAR 300,000,000	30,000,000
	100%	100%	SAR 500,000	500
	100%	100%	SAR 41,000,000	410,000
	100%	100%	SAR 70,000,000	70,000
	100%	100%	SAR 200,000,000	200,000
	94%	94%	SAR 46,500,000	465,000
	100%	100%	SAR 500,000	50,000
	100%	100%	SAR 10,000	100
	100%	100%	SAR 1,000,000	100,000
	100%	100%	ARS 5,097,984	5,097,984
	100%	100%	ARS 8,550,769,408	8,550,769,408
	100%	100%	BHD 100,000	1,000
	100%	100%	BHD 34,450,000	344,500
	100%	100%	BHD 30,000	600
	100%	52%	BHD 250,000	2,500
	100%	52%	USD 7,583,334	7,583,334
	100%	52%	EGP 3,233,750,000	323,375,000
	100%	52%	EGP 4,049,666,670	404,966,667
	100%	52%	EGP 2,000,000	2,000
	100%	100%	INR 2,750,680	275,068
	100%	100%	GBP 5,769,822	5,769,822
	100%	52%	JOD 500,000	500,000
	100%	52%	JOD 750,000	750,000
	100%	52%	JOD 250,000	250,000
	100%	52%	JOD 500,000	500,000
	100%	52%	JOD 21,935,363	21,935,363
	70%	70%	OMR 150,000	150,000
	100%	100%	OMR 20,000	20,000
	100%	100%	EUR 145,321,967	145,321,967
	100%	100%	SDG 100,000	100
	100%	100%	AED 300,000	300
	100%	100%	AED 200,000	200
	100%	100%	AED 250,000 (Unpaid)	100
	100%	100%	AED 300,000	300
	100%	100%	AED 300,000	300
	100%	100%	USD 500,000	50,000
	100%	100%	USD 500,000	50,000
	100%	100%	-	-
	100%	100%	-	-

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) Accounting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (here and after refer to as “IFRS as endorsed in Saudi Arabia”).

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

2.2 Preparation of the Consolidated Financial Statements

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

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

3. BASIS OF CONSOLIDATION

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

4. FUNCTIONAL AND PRESENTATION CURRENCY

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

5. MATERIAL ACCOUNTING POLICIES

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

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

5.1. New Standards, Amendment to Standards and Interpretations:

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

5.1.1. Amendments to IAS 8

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

5.1.2. Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction

These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

5.2. Standards issued but not yet effective

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

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

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

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

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

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

5.2.4. Amendments to IAS 27 – Lack of exchangeability

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

5. SIGNIFICANT ACCOUNTING POLICIES continued

5.2.6. IFRS S2, 'Climate-related disclosures'

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

5.3. Cash and Cash Equivalents

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

5.4. Time Deposits

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

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

5.5. Property, Plant and Equipment

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

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

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

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

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

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

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

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

5.6. Inventories

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

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

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

5.7. Investments in Associates

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

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

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

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

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

5.8. Right-of-Use Assets and Lease Liabilities

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

5. SIGNIFICANT ACCOUNTING POLICIES continued

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

5.9. Biological Assets

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

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

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

5.10. Intangible Assets and Goodwill

Intangible Assets

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

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

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

Goodwill

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

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

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

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

5.11. Provisions

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

5.12. Zakat and Income Tax

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

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

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

5.13. Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and unused tax losses can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference and unused tax losses arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

5. SIGNIFICANT ACCOUNTING POLICIES continued

5.14. Financial Instruments

5.14.1. Non-Derivative Financial Instruments

a) Non-Derivative Financial Assets

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

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

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

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

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

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

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

The Group has the following non-derivative financial assets;

Financial Assets at Amortised Cost

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

Financial Assets at FVOCI

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

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

b) Non-Derivative Financial Liabilities

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

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

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

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

5.14.2. Derivative Financial Instruments and Hedge Accounting

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

5. SIGNIFICANT ACCOUNTING POLICIES continued

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

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

5.15. Impairment

5.15.1. Non-Derivative Financial Assets

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

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

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

5.15.2. Impairment of Non-Financial Assets

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

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

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

5.16. Employee Retirement Benefits

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

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

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

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

5.17. Statutory Reserve

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

5.18. Treasury Shares

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

5.19. Share Based Payment Transactions

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

5. SIGNIFICANT ACCOUNTING POLICIES continued

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

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

5.20. Conversion of Foreign Currency Transactions

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

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

5.21. Revenue Recognition

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

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

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

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

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

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

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

in trade and other payables) is recognised for expected volume discounts payable to customers in relation to sales made during the year.

5.22. Government Grants

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

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

5.23. Selling, Distribution, General and Administration Expenses

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

5.24. Borrowings

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

5.25. Borrowing Costs

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

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

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

5.26. Segmental Reporting

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

6. USE OF JUDGEMENTS AND ESTIMATES

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

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

6.1. Judgement

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

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

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

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

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

Level 3 -

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

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

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

6.2. Assumptions and estimation uncertainties

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

- a) **Goodwill - Annual impairment testing of goodwill:** Goodwill impairment tests are performed for the group of cash-generating units ("CGU") to which goodwill is allocated. The group of CGU is defined based on certain acquisitions and CGU's arising from those acquisitions. The structure and groups of CGU are assessed on an annual basis. The impairment test of goodwill is performed at least annually for each group of CGUs to which goodwill is allocated. To determine the value in use, the discounted cash flow models are used.
The most important parameters in the impairment test include assumptions related to sales growth rate and pre-tax discount rates. Also refer to note 10 for sensitivity related to these assumptions for the respective CGU.
- b) **Expected future free cash flows:** The projected free cash flows are based on current forecasts and targets set for five year period. These are determined at CGU level in the forecast and target planning process as well as based on external sources of information and industry-relevant observations such as macroeconomic indicators and market conditions. All applied assumptions are challenged through the forecast and target planning process based on management's best estimates and expectations, which are judgmental by nature. They include expectations regarding revenue growth, Earnings Before Interest and Tax ("EBIT") margins and capital expenditure.
- c) **Measurement of employee retirement benefits liability - key actuarial assumptions:** Estimates are applied when setting actuarial assumptions such as the discount rate, expected future salary increases, inflation and mortality. The actuarial assumptions vary from country to country, based on national economic and social conditions. They are set using available market data and compared with benchmarks to ensure consistency on an annual basis (Refer note 23 for sensitivity related to employee retirement benefits liability).
- d) **Dairy herd:** Average lactation cycle – Refer note 30.1
- e) **Trade Receivables:** Allowance for impairment of trade receivables – Refer note 14.

Notes to the Consolidated Financial Statements

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7. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

8. LONG-TERM PREPAYMENTS

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

9. RIGHTS-OF-USE ASSETS AND LEASE LIABILITIES

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

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

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

Lease liabilities as at year end are as follows:

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

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

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

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

10. INTANGIBLE ASSETS AND GOODWILL

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

10.1. Software Licenses

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

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

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10. INTANGIBLE ASSETS AND GOODWILL continued

10.2. Goodwill

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

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

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

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

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

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

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

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

Sensitivity to Changes in Assumptions – WB

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

(a) Sales Growth Assumption

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

(b) Pre-tax discount rate

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

Sensitivity to Changes in Assumptions – HADCO

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

(a) Sales Growth Assumption

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

(b) Pre-tax discount rate

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

Sensitivity to Changes in Assumptions – IDJ

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

(a) Sales Growth Assumption

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

(b) Pre-tax discount rate

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

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10. INTANGIBLE ASSETS AND GOODWILL continued

Sensitivity to Changes in Assumptions – Bakemart

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

(a) Sales Growth Assumption

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

(b) Pre-tax discount rate

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

10.3 Customer Relationships and Brands

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

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

11. BIOLOGICAL ASSETS

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

Biological assets owned by the Group are measured as follows:

- **Dairy Herd and Poultry Flock:** At cost less accumulated depreciation and impairment losses, if any (Refer note 6.1).
- **Crops:** The crops that have reached a considerable degree of biological development have been stated at the present value of the net cash flows that will be provided by such crops in progress, estimated on the basis of the degree of biological development and the risks related to the completion of the development process of crops sown.

	Dairy Herd SAR '000	Breeder Birds SAR '000	Other Poultry SAR '000	Crops SAR '000	Total SAR '000
Cost					
At 1 January 2023	2,195,568	224,892	104,326	-	2,524,786
Additions during the Year*	872,991	222,272	2,039,280	-	3,134,543
Transfers to Inventories	-	-	(2,032,615)	-	(2,032,615)
Disposals during the Year	(627,518)	(146,561)	-	-	(774,079)
Currency Translation Difference	(51)	-	-	-	(51)
At 31 December 2023	2,440,990	300,603	110,991	-	2,852,584
Accumulated Depreciation					
At 1 January 2023	745,039	110,522	-	-	855,561
Depreciation for the Year	396,701	177,563	-	-	574,264
Disposals during the Year	(290,452)	(139,584)	-	-	(430,036)
Currency Translation Difference	(15)	-	-	-	(15)
At 31 December 2023	851,273	148,501	-	-	999,774
Net Book Value					
At 31 December 2023	1,589,717	152,102	110,991	-	1,852,810
Measured at Fair Value					
At 1 January 2023	-	-	-	18,486	18,486
Additions during the Year	-	-	-	421,815	421,815
Transfers to Inventories	-	-	-	(420,594)	(420,594)
Loss Arising from Changes in Fair Value less Cost to Sell	-	-	-	4,389	4,389
Currency Translation Difference	-	-	-	(43)	(43)
At 31 December 2023	-	-	-	24,053	24,053
Carrying amount					
At 31 December 2023	-	-	-	24,053	24,053
Biological Assets Classification					
At 31 December 2023					
Biological Assets Classified as Non-Current Assets	1,589,717	152,102	-	-	1,741,819
Biological Assets Classified as Current Assets	-	-	110,991	24,053	135,044
	1,589,717	152,102	110,991	24,053	1,876,863

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

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11. BIOLOGICAL ASSETS continued

	Dairy Herd SAR '000	Breeder Birds SAR '000	Other Poultry SAR '000	Crops SAR '000	Total SAR '000
Cost					
At 1 January 2022	1,958,317	203,136	93,143	-	2,254,596
Additions during the Year*	717,559	171,850	1,648,888	-	2,538,297
Transfers to Inventories	-	-	(1,637,705)	-	(1,637,705)
Disposals during the Year	(480,342)	(150,094)	-	-	(630,436)
Currency Translation Difference	34	-	-	-	34
At 31 December 2022	2,195,568	224,892	104,326	-	2,524,786
Accumulated Depreciation					
At 1 January 2022	585,271	107,098	-	-	692,369
Depreciation for the Year	361,119	119,375	-	-	480,494
Disposals during the Year	(201,364)	(115,951)	-	-	(317,315)
Currency Translation Difference	13	-	-	-	13
At 31 December 2022	745,039	110,522	-	-	855,561
Net Book Value					
At 31 December 2022	1,450,529	114,370	104,326	-	1,669,225
Measured at Fair Value					
At 1 January 2022	-	-	-	24,837	24,837
Additions during the Year	-	-	-	357,388	357,388
Transfers to Inventories	-	-	-	(359,562)	(359,562)
Gain Arising from Changes in Fair Value less Cost to Sell	-	-	-	(4,191)	(4,191)
Currency Translation Difference	-	-	-	14	14
At 31 December 2022	-	-	-	18,486	18,486
Carrying Amount					
At 31 December 2022	-	-	-	18,486	18,486
Biological Assets Classification:					
At 31 December 2022					
Biological Assets Classified as Non-Current Assets	1,450,529	114,370	-	-	1,564,899
Biological Assets Classified as Current Assets	-	-	104,326	18,486	122,812
	1,450,529	114,370	104,326	18,486	1,687,711

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

Dairy Herd represents heifers and cows held for milk production.

Parent Poultry Birds are held for the purpose of laying eggs which are hatched into Broiler Birds (Other Poultry).

Crops are mainly held for the purpose of serving as animal feed which are consumed internally.

Agricultural Risk Management:

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

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

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

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

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

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

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

12. INVESTMENTS

The investments comprise the following:

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

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12. INVESTMENTS continued

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

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

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

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

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

13. INVENTORIES

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

13.1. Movement in allowance is as follows:

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

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

14. TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2023 SAR '000	31 December 2022 SAR '000
Trade Receivables - Third Parties	1,890,630	1,562,022
- Related Parties (Refer note 37)	160,561	128,555
	2,051,191	1,690,577
Less: Allowance for impairment of trade receivables (Refer note 14.1)	(160,768)	(139,707)
Net Trade Receivables	1,890,423	1,550,870
Prepayments	494,109	417,409
Government Grants	96,107	71,616
Other Receivables	84,007	116,247
	2,564,646	2,156,142
Ageing of Trade Receivables		
Up to 2 months	1,500,209	1,293,145
2 - 3 months	179,253	148,581
More than 3 months	371,729	248,851
	2,051,191	1,690,577

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

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

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14. TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES continued

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

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

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

15. TIME DEPOSITS

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

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

16. CASH AND CASH EQUIVALENTS

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

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

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

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

17. SHARE CAPITAL

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

18. EMPLOYEE EQUITY PARTICIPATION PROGRAMS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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18. EMPLOYEE EQUITY PARTICIPATION PROGRAMS continued

18.2. Employee Share Plan (“ESP”):

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

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

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

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

19. TREASURY SHARES

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

20. OTHER RESERVES

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

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

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

21. NON-CONTROLLING INTERESTS

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

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

22. LOANS AND BORROWINGS

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

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22. LOANS AND BORROWINGS continued

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

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

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

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

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

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

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

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

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

23. EMPLOYEE RETIREMENT BENEFITS

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

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

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

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23. EMPLOYEE RETIREMENT BENEFITS continued

Demographic Assumptions

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

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

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

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

Risk Exposure:

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

Inflation risk

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

Changes in bond yields

Decrease in corporate bond yields will increase plan liabilities.

24. DEFERRED TAX

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

24.1. Deferred Tax Assets

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

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

24.2. Deferred Tax Liabilities

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

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

25. ZAKAT AND INCOME TAX

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

25.1. Zakat Provision

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

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

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

25.2. Income Tax Provision

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

26. TRADE AND OTHER PAYABLES

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

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

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

27. COST OF SALES

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

28. SELLING AND DISTRIBUTION EXPENSES

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

29. GENERAL AND ADMINISTRATION EXPENSES

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

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For the year ended 31 December 2023

30. OTHER EXPENSES, NET

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

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

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

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

31. FINANCE COST, NET

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

32. EARNINGS PER SHARE

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

	2023	2022
Profit for the year attributable to the shareholders of the Company SAR '000'	2,049,123	1,759,812
Number of shares '000'		
Weighted average number of ordinary shares for the purposes of basic earnings	984,567	981,897
Weighted average number of ordinary shares for the purposes of diluted earning	1,000,000	1,000,000
Earnings per Share (SAR), based on Profit for the year attributable to Shareholders of the Company		
- Basic	2.08	1.79
- Diluted	2.05	1.76

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

33. SEGMENT REPORTING

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

Dairy and Juice: Milk production, dairy and fruits juice product processing and distribution

Bakery: Bakery products manufacturing and distribution

Poultry: Poultry products manufacturing and distribution

Other Activities: Arable, Horticulture, Infant Nutrition, Seafood products and Food Services

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

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

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

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

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

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

34. BANK OVERDRAFTS

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

35. CASH FLOW INFORMATION

35.1. Non-cash Investing and Finance Activities

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

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

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35. CASH FLOW INFORMATION continued

35.2. Net Debt Reconciliation

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

36. COMMITMENT AND CONTINGENCIES

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

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

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

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

36.4. Refer to note 25.1 for Zakat related matters.

37. TRANSACTIONS WITH RELATED PARTIES

37.1. Transactions and Balances with Related Parties

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

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

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

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

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37. TRANSACTIONS WITH RELATED PARTIES continued

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

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

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

38. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

39. FINANCIAL INSTRUMENTS

39.1. Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Group is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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

When measuring the fair value, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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39. FINANCIAL INSTRUMENTS continued

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

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

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

39.2. Risk Management of Financial Instruments

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

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

Credit Risk:

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

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

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

Credit risk on receivable and bank balances is limited as:

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

Financial position of related parties is stable.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

39. FINANCIAL INSTRUMENTS continued

Liquidity Risk:

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Following are the contractual maturities at the end of the reporting period of financial liabilities. The amounts are grossed and undiscounted and include estimated interest till maturity.

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

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

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

Market Risk:

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

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

Commission Rate Risk:

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

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

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

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

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

Commodity Price Risk:

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

39. FINANCIAL INSTRUMENTS continued

Currency Risk:

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

	KWD SAR '000	EUR SAR '000	GBP SAR '000	Total SAR '000
31 December 2023				
Cash at Bank	45,788	10,132	21,905	77,825
Cash in Hand	5,704	41	13	5,758
Trade Receivables	122,303	-	141	122,444
Bank Overdrafts	-	-	-	-
Short term Borrowings	-	(24,887)	-	(24,887)
Long Term Borrowings	-	(75,501)	-	(75,501)
Trade Payables	(2,873)	(84,491)	-	(87,364)
Net Statement of Financial Position exposure	170,922	(174,706)	22,059	18,275
	KWD SAR '000	EUR SAR '000	GBP SAR '000	Total SAR '000
31 December 2022				
Cash at Bank	18,581	1,391	11,089	31,061
Cash in Hand	6,686	11	-	6,697
Trade Receivables	119,082	-	878	119,960
Bank Overdrafts	-	-	-	-
Short term Borrowings	-	(27,742)	-	(27,742)
Long Term Borrowings	-	(111,906)	-	(111,906)
Trade Payables	(1,574)	(224,985)	-	(226,559)
Net Statement of Financial Position exposure	142,775	(363,231)	11,967	(208,489)

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

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

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

Capital Management:

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

The Group's objectives when managing capital are:

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

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

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

a) This includes bank overdrafts.

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

40. DIVIDEND APPROVED AND PAID

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

41. DIVIDEND PROPOSED

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

42. SUBSEQUENT EVENTS

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

43. BOARD OF DIRECTORS APPROVAL

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



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