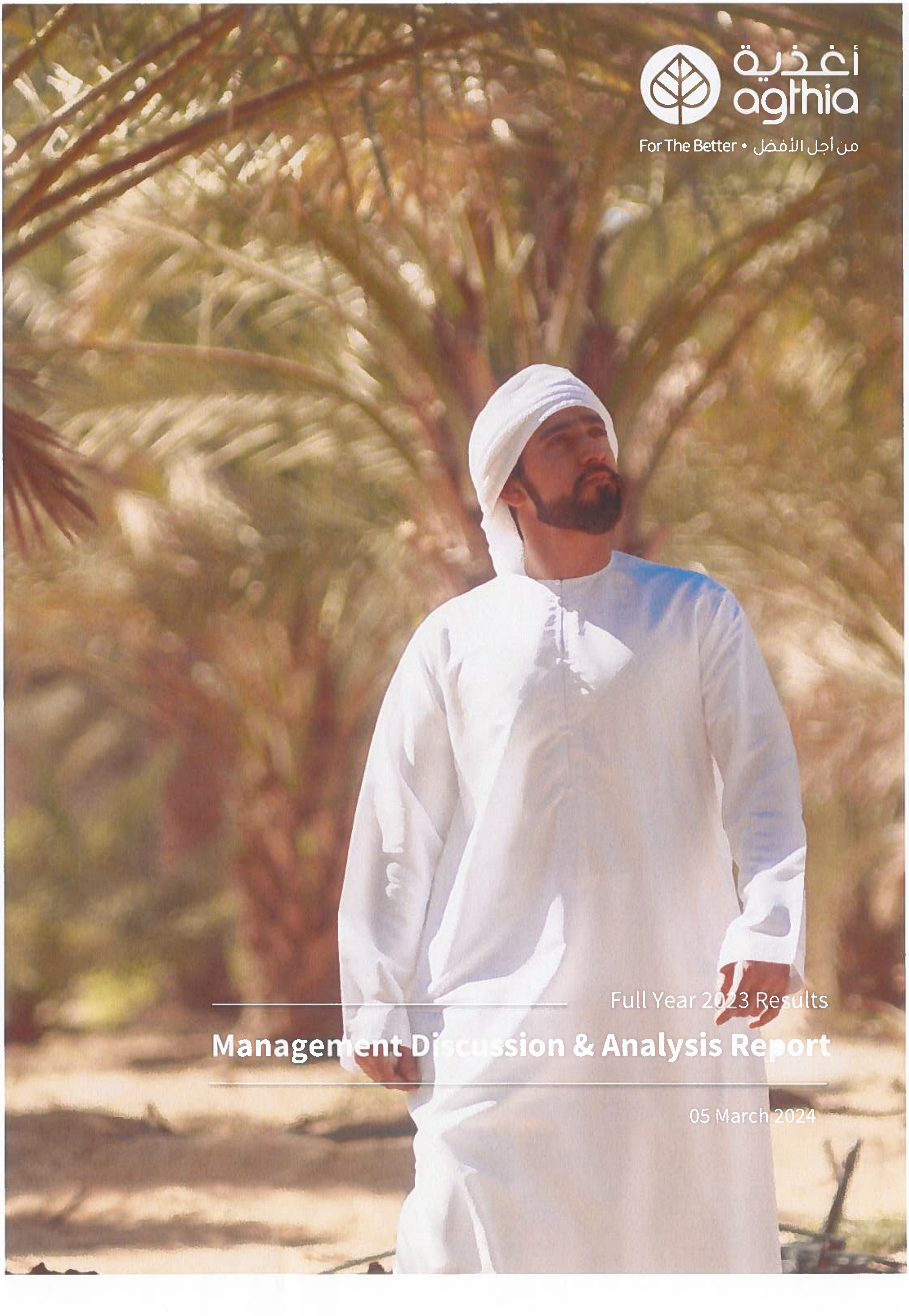

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agthia
For The Better • من أجل الأفضل

Full Year 2023 Results

Management Discussion & Analysis Report

05 March 2024

2023 another year of strong and profitable growth, surpassing guidance ranges
BoD approves 12% cash dividend increase and 5% bonus shares

- Group net revenue +12.1% YoY (ahead of full-year guidance range of 10-12%), +20.7% excluding EGP devaluation impact; Like-for-like* (LFL) revenue +5.7% YoY, +13.8% excluding impact of EGP devaluation
- Group EBITDA margin +113bps YoY (exceeding guidance range of 40-60bps) supported by margin expansion in Snacking and Water & Food
- Underlying group net profit[1] growth +25.5% YoY; margin at 7.5% (+80bps, surpassing guidance range of 30-50bps)
- Reported group net profit[1] growth +9.9% YoY; margin at 6.6%
- Increase in full-year cash dividends by +12% to 18.5 fils per share and additional 5% bonus shares to existing shareholders (subject to AGM approval)

Agthia Group PJSC (AGTHIA:UH) today announces its results for the fiscal year ending 31 December 2023.

Financial highlights

Revenue

Group net revenue increased 12.1% year-on-year to AED 4.56 billion (8.1% growth# from volume and 4.1% from pricing), supported by a continued shift of our product portfolio towards higher growth segments in key target markets. LFL revenue, including Abu Auf in the prior comparable period, increased 5.7% year-on-year.

Accelerated revenue growth of 15.4% in Q4 year-on-year to AED1.29 billion, ahead of the 12.2% achieved in our third quarter, with Q4 LFL for revenue up 11.8% year-on-year.

Figure 1: Reported and like-for-like revenue by segment – full year ending December 2023

Revenue (AED MN)	FY 2023	FY 2022	% change YoY
Snacking			
- Total revenue	1,300.1	942.4	+38.0%
- LFL revenue*	1,300.1	1,189.1	+9.3%
Protein & Frozen			
- Total revenue	1,026.2	1,150.9	-10.8%
- LFL revenue	1,026.2	1,150.9	-10.8%
Water & Food			
- Total revenue	1,007.7	950.8	+6.0%
- LFL revenue	1,007.7	950.8	+6.0%
Total Consumer Business			
- Total revenue	**3,334.0**	**3,044.1**	**+9.5%**
- LFL revenue*	**3,334.0**	**3,290.8**	**+1.3%**
Agri-Business			
- Total revenue	1,227.2	1,023.3	+19.9%
- LFL revenue	1,227.2	1,023.3	+19.9%

[1] *Underlying net profit (including minority interests) is net of AED 42.6 million one-off technical adjustment for a deferred tax liability on historical goodwill and intangible assets to comply with IFRS interpretation (IAS 12) due to the enactment of the new UAE corporate tax law. This had no impact on underlying business performance.*
including Abu Auf; *Like-for-like (LFL) revenue includes Abu Auf (acquired in Q4 2022) in the prior comparable period

Total Group			
- Total revenue	**4,561.2**	**4,067.4**	**+12.1%**
- LFL revenue*	**4,561.2**	**4,314.1**	**+5.7%**

Figure 2: Revenue and like-for-like revenue growth, adjusted for EGP devaluation.

This shows revenue and like-for-like revenue growth for the 2023, adjusted for the adverse impact of currency devaluation in Egypt (AED -346.4m).

Revenue growth (FY 2023 YoY, adjusted for EGP devaluation)	Protein & Frozen	Total Consumer Business	Total Group
Total revenue growth (%)	+19.3%	+20.9%	+20.7%
LFL revenue growth (%)	+19.3%	+11.8%*	+13.8%*

*Like-for-like (LFL) revenue includes Abu Auf (acquired in Q4 2022) in the prior comparable period

- **Snacking:** Strong revenue growth across our snacking portfolio (+38.0% year-on-year, +23.3% growth in Q4). This was led by dates strong innovations across mid and high value ranges, and expansion in our date varieties, and strong value growth across retail channels in the UAE and internationally (e.g. India, Indonesia, Malaysia, and Brazil).

  Besides dates, revenue contribution for FY 2023 from BMB and Abu Auf collectively was AED 546.4m, with the latter seeing stronger growth in core markets, and continued volume and value gain in premium-brand coffee at Abu Auf in Egypt resulting in a 72% increase in FY 2023 local currency revenue (+7.0% increase in AED terms).

- **Water & Food**: Mid-single digit revenue growth for the full-year period (+4.2% in Q4 year-on-year) driven by premiumization and innovation, such as Al Ain Plus (zinc fortified water), premium glass bottles, and an 100% rPET bottle (made of post-consumer recycled plastic and is infinitely recyclable). UAE revenue (excluding dairy) rose 3.1% year-on-year, with Al Ain bottled water retaining its market leadership position. International businesses revenue increased 18.3% year-on-year, with notable performances from Saudi Arabia (revenue +17.0%), Kuwait (+25.0%), and Turkey (+33.1%). Excluding the adverse impact from Dairy, aggregate segment revenue growth would have been 6.7% for FY 2023 and 4.4% in Q4.

- **Protein and Frozen**: While reported revenue across our Protein & Frozen segment declined 10.8% year-on-year, this was primarily a function of currency headwinds in Egypt, with revenue growth of 19.3% for the full-year period excluding impact of currency devaluation. Q4 revenue excluding impact of currency headwinds grew +18.7% year-on-year, reflecting our ability to manage pricing and optimize costs, while maintaining our market leading position. In Jordan, we have seen increased competitiveness and some consumer downtrading pressure that had an adverse impact on our business during Q4.

  Export operations also reported lower volume growth across Saudi QSR and Catering channels, reflecting the ongoing impact of increased localization of production. The completion of our new Protein facility in Jeddah in Q2 2024 will provide localized production capacity at comparatively favorable economics and establish Agthia as a local protein producer in Saudi Market.

- **Agri-Business:** Revenue growth of 19.9% year-on-year (+34.1% in Q4) was largely volume driven, supported by increased wheat trading volume, with share gain in Flour (Q4 revenue +42.9% year-on-year) underpinned by a growing proportion of premium and specialty products. Strong volume growth in Feed (Q4 revenue +24.6% year-on-year) reflected good open market execution, participation in Abu Dhabi Agriculture and Food Safety Authority's (ADAFSA) compound feed program and related new product development. Feed sales through our Agrivita app continue to perform well, offering end users added convenience and increasing our economic moat.

EBITDA (Earnings before interest, tax, depreciation, and amortization)

Strong growth in Snacking, Water & Food, and Agri-Business profitability, combined with our continuing focus on profit protection in Egypt and group-wide efficiency generation. EBITDA growth was ahead of revenue, up +21.2% year-on-year to AED 689.3m. Like-for-like EBITDA growth, including Abu Auf in the prior comparable period, was +10.0% year-on-year.

Group EBITDA margin increased +113bps year-on-year to 15.1%, with like-for-like EBITDA margin +59bps year-on-year.

Figure 3: Reported EBITDA and margin by segment, full year ending December 2023

EBITDA (AED MN)	FY 2023	FY 2022	% change YoY
Snacking			
- EBITDA	288.6	178.2	+62.0%
- EBITDA margin	22.2%	18.9%	+329 bps
Protein & Frozen			
- EBITDA	146.2	178.5	-18.1%
- EBITDA margin	14.3%	15.5%	-127 bps
Water & Food			
- EBITDA	177.7	146.0	+21.8%
- EBITDA margin	17.6%	15.4%	+229 bps
Total Consumer Business			
- EBITDA	**612.5**	**502.7**	**+21.8%**
- EBITDA margin	**18.4%**	**16.5%**	**+186 bps**
Agri-Business			
- EBITDA	200.5	167.4	+19.8%
- EBITDA margin	16.3%	16.4%	-2 bps
Total Group			
- EBITDA	**689.3**	**568.8**	**+21.2%**
- EBITDA margin	**15.1%**	**14.0%**	**+113 bps**

Figure 4: Total and like-for-like EBITDA growth, adjusted for EGP devaluation

Figure 4 below shows EBITDA and like-for-like EBITDA growth for FY 2023, adjusted for the adverse impact of currency devaluation in Egypt (AED -53m).

EBITDA growth (Full Year 2023 YoY, adjusted for EGP devaluation)	Protein & Frozen	Total Consumer Business	Total Group
Total EBITDA growth (%)	+11.6%	+32.4%	+30.5%
LFL EBITDA growth (%)	+11.6%	+18.8%*	+18.5%*

*Like-for-like (LFL) EBITDA includes Abu Auf (acquired in Q4 2022) in the prior comparable period

- **Snacking:** EBITDA growth of +62.0% (+47.2% in Q4) reflected positive price and mix effects in both domestic and international date markets, strong growth in Abu Auf's market-leading premium coffee, and a step up in profitability from BMB post operational restructuring in Saudi. LFL EBITDA, including Abu Auf in the prior comparable period, increased +22.4% year-on-year, with LFL EBITDA margin expanding +237bps year-on-year.

- **Protein and Frozen:** A combination of channel optimization, productivity enhancements and disciplined cost management resulted in EBITDA growth (excluding devaluation impact) of +11.6% year-on-year, notwithstanding the inflationary cost environment in Egypt and external challenges affecting Jordan.

  Reported EBITDA margin declined -127bps for the full-year period year-on-year, largely driven by lower revenue in Jordan during the fourth quarter, as well as the continuing EGP currency headwind.

- **Water & Food:** A combination of positive volume growth, favorable mix toward high-margin premium products, further cost efficiencies in the UAE and Saudi, and a more benign commodity environment resulted in EBITDA growth of +21.8% year-on-year (Q4 EBITDA +8.9%), and EBITDA margin +229bps (+76bps in Q4). Notable performances came from UAE bottled water (EBITDA +15.8% year-on-year), Home and Office Delivery (+14.4%), Saudi (>+100% post cost reset last year), and Oman (+51.9%).

- **Agri-Business:** EBITDA growth of +19.8% year-on-year (+28.9% in Q4), underpinned by improved Flour volumes and mix, cost efficiencies, and a more favorable commodity backdrop.

▪ **Underlying group net profit**[1] grew +25.5% year-on-year to AED 342.2 million, ahead of revenue growth (Q4 underlying net profit +51.6% year-on-year), reflecting EBITDA margin expansion. Underlying net profit[1] margin expanded by +80bps (exceeding the guidance range of 30-50bps) to stand at 7.5%, with Q4 underlying margin +253bps year-on-year to 10.6%.

▪ **Reported group net profit**[1] increased +9.9% year-on-year to AED 299.6 million (one-off[1]) for the full year (Q4 reported net profit +4.3% year-on-year), with net profit margin standing at 6.6%, notwithstanding further FX and interest rate headwinds throughout 2023 and the AED 42.6 million one-off technical adjustment for a deferred tax liability on historical goodwill and intangibles (refer to footnote 1 on first page).

Strong balance sheet: Our balance sheet remains robust with cash and equivalents of AED 0.6 billion and liquidity of AED 2.5 billion. Our net debt to EBITDA ratio of 1.3x (net debt of AED 0.9 billion) was down from 2.3x as at December 2022 following the cumulative repayment of AED 839m of debt in 2023. Our debt is dollar and AED-denominated, and we continue to achieve favorable borrowing terms leveraging our strong balance sheet and network of leading banks.

Exceeded 2023 full-year guidance targets: Agthia was able to exceed FY 2023 guidance targets, despite EGP currency weakness and the current geopolitical outlook. Revenue growth stood at 12.1% (exceeding guidance of 10%-12% growth), EBITDA margin at +113bps (exceeding the guidance range of 40-60bps), and underlying group net profit margin recorded +80bps (exceeding the guidance range of 30-50bps).

Cash dividends and bonus shares: Agthia's board of directors has recommended a full-year cash dividend payment of 18.5 fils per share, along with bonus shares equivalent to 5% of share capital. Total dividends distributed for the year amounted to AED 146.5 million, reflecting a 12% increase compared to the cash dividend distributed in 2022. Subject to AGM approval, Agthia will pay a cash dividend of 10.25 fils per share for the second half of 2023 aligning with the Group's semi-annual dividend policy, and distribute 5% bonus shares. The Group has already paid an interim cash dividend of 8.25 fils per share (AED 65.31 million) for the 6 months ending on 30 June 2023.

2024 guidance: We remain committed to releasing full-year guidance ranges[2], with our 2024 guidance standing at revenue growth between 10% and 12%, EBITDA margin expansion of 40-60 bps, and a 30-50bps improvement

[2] Assumes FX rate of USD/EGP37 (20% devaluation), no further acquisitions, 3M SOFR rates of 5.5%, and no significant deterioration in geopolitical outlook

in underlying group net profit margin. We also reaffirm our previously announced 2025 mid-term guidance figures. Our next scheduled update will be our Q1'24 preliminary results in May 2024.

Expanding in-house capabilities and leveraging efficiencies to future proof our growth

We continue to make strong progress in expanding our capabilities and driving efficiencies.

- **Leveraging our Egyptian platform:** Egypt is a strategically important market for Agthia, not only in the favorable, long-term socio-demographics and structural demand for Protein, Snacking and Coffee products, but increasingly as a manufacturing hub for key regional and international export markets, leveraging low-cost capacity in our well-invested facilities and favorable trade agreements.

  We strengthened our export focused resource during the year, with new Food Service volumes in both regional and international markets underpinning growth in export revenue from Egypt of 22% year-on-year. Since its acquisition, Abu Auf rapidly expanded its retail footprint to 300 stores as well as launched a number of new innovative SKUs into UAE and Saudi channels during the fourth quarter.

- **Investing in innovation:** Innovation is the lifeblood of Agthia and plays a vital role in our strategic vision of being a leading food and beverage company in the MENA region and beyond by 2025. Our dedicated Central Innovation Team supports Agthia's commitment to doing things for the better, from new products that meet the evolving needs of consumers to process innovation that underpins our commitment to the planet.

  As part of its growing innovation pipeline, Agthia launched the first locally produced 100% rPet water bottle in April 2023, and a new functional water, "Al Ain Plus" in May 2023, fortified with Zinc & Magnesium to meet the growing demand for healthier products and lifestyles. In our snacking portfolio, the rollout of new gifting and value-added ranges in dates (for example, chocolate enrobed dates), as well as product and packaging innovation (snack packs, date pouches) have supported strong growth across the category. BMB also launched during 2023 a new travel retail range at the Dubai International Airport.

  We also launched a number of new products in our Agri-Business to support our participation in ADAFSA's compound feed program, including Mumtaz Premium Mixed Grain and Agrivita Ruminants Feed 13%.

- **Launching of "Agthia Ventures":** During 2023, we launched "Agthia Ventures", a Corporate Venture Capital Fund designed to expand Agthia's innovation capabilities as it continues to drive profitable growth in both new and existing markets. Funded by Agthia and its parent company ADQ, and managed together with Touchdown Ventures, Agthia Ventures seeks to identify attractive early-stage, seed, and growth investment opportunities in Agthia's current and target geographies.

- **Progressing on our sustainability agenda:** We continue to make progress across the four pillars of our sustainability agenda and, during 2023, reduced our water usage ratio by 3.7%. Additionally, around 96% of Group packaging is now fully recyclable or reusable. Other key initiatives during the year included:

  - Developing our Responsible Sourcing Policy, which aims to integrate responsible procurement across all our suppliers and raw materials in order to promote sustainable processes throughout our value chain;

  - Helping to uplift local communities through wide-ranging CSR initiatives across each of our business segments, including cooperation with leading community service and purpose-driven not-for-profit organizations;

  - Initiatives to reduce CO_2 emissions through operational efficiencies and investment in renewable energy sources, including 1) launching the first locally sourced and produced 100% rPET water bottle, and our continuing partnership with Veolia on the RECAPP program for curbside collection of recyclables such as PET, Aluminum, and HDPE to help drive circularity 2) reducing the energy ratio consumption in Grand

Mills and Al Ain through a real-time smart energy monitoring system, as well as the installation of solar paneling across other sites, with the aim reducing CO_2 emissions by 11,000tn (15% of total emissions) over the next three years.

During 2023, Agthia gained recognition at the Asian Water Awards for its sustainability initiatives and optimally balanced Zinc water (Al Ain Plus), as well as the Middle East Waste and Recycling (MEWAR) - Recycled Product of the Year Award and the ESG Business Awards for Green Packaging Solutions.

- **Accelerating our digital roadmap:** We continue to make good progress in our 5-year digital transformation journey, creating the foundations to transform Agthia into a consumer centric data-driven organization. We have grown our Digital & Technology competence center with new talents, released new features for our Water Home Delivery business as well as delivery services on our Agrivita app for farmers, and we launched our B2B Portal for our traditional trade channels. We continue to improve our services to and interactions with all our customers and consumers. We have also successfully rolled out our Oracle template via our Oracle Center of Excellence at our Saudi Arabia and Kuwait units. Our Al Ain social media has received the MENA Digital Awards.

  Our recently signed Memorandum of Understanding (MoU) with Microsoft UAE marked a significant milestone in our journey to become a regional digital leader in the consumer-packaged goods industry, enabling us to utilize new tools to navigate the digital landscape and identify opportunities for market expansion, operational excellence, and commercial success, while accelerating innovation and responsible, sustainable business practices throughout the FMCG value chain.

Khalifa Sultan Al Suwaidi, Chairman of Agthia Group, commented: "Agthia's 2023 results reinforce our growth story and continued progress against our strategic objectives, namely protecting the core business, reaping the rewards of recent value-accretive acquisitions, and investing in capability and innovation to deliver on its strategic vision of becoming a leading food and beverage company in the MENA region and beyond. At a time when the world's attention is focused on decarbonization initiatives across the region, I am particularly pleased with the progress made across its sustainability agenda and am positive that Agthia will continue to create value for all stakeholders in both the near and medium term. We continue to be inspired by the UAE's leadership with its commitment to pushing boundaries and showcasing what is possible when a well-defined vision meets seamless execution."

Alan Smith, Group Chief Executive Officer of Agthia Group, commented: "Agthia's robust performance for the past fiscal year demonstrates the effectiveness of our strategic initiatives across key business segments and the sustained demand for our products across diverse markets. We have been able to successfully implement operational efficiency strategies that have helped us consistently deliver and minimize the impact of global economic headwinds. These results are also a testament to the agility of our business and the dedication and resilience of all our colleagues across the Group. I am confident that Agthia is well-positioned on the path towards sustained growth."

– End of announcement –

Khalifa Sultan Al Suwaidi
Chairman
05 March 2024

Conference Call Details

The Consolidated Financial Statements for the Fiscal Year ended 31st December 2023 will be available through the following link on Agthia Website: https://www.agthia.com/investors/quarterly-results/.

A conference call for analysts and investors will be held at 4:00pm UAE time on March 11th 2024. The presentation accompanying the call will be available on Agthia Group's website under the Investors section from 4:00pm on March 11th 2024: https://www.agthia.com/investors/results-call-materials/

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Agthia Group PJSC and its management may make certain statements that constitute "forward-looking statements" with respect to the financial condition, results of operations and business of the Group. These statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements often use words such as "anticipates," "targets," "expects," "hopes," "estimates," "intends," "plans," "goals," "believes," "continues" and other similar expressions or future or conditional verbs such as "will," "may," "might," "should," "would" and "could." Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Agthia Group PJSC to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. Examples of such statements include, but are not limited to, comments with respect to: 1. outlook for the markets for products; 2. expectations regarding future product pricing; 3. outlook for operations; 4. expectations regarding production capacity and volumes; 5. objectives; 6. strategies to achieve those objectives; 7. expected financial results; 8. sensitivity to changes in product prices; 9. sensitivity to key input prices; 10. sensitivity to changes in foreign exchange rates; 11. expectations regarding income tax rates; 12. expectations regarding compliance with environmental regulations; 13. expectations regarding contingent liabilities and guarantees; 14. expectations regarding the amount, timing and benefits of capital investments. Although Agthia Group PJSC believes it has a reasonable basis for making these forward-looking statements, readers are cautioned not to place undue reliance on such forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predictions, forecasts and other forward-looking statements will not occur. These factors include, but are not limited to: 1. assumptions in connection with the economic and financial conditions in the UAE, Middle East, and globally; 2. effects of competition and product pricing pressures; 3. effects of variations in the price and availability of manufacturing inputs; 4. various events which could disrupt operations, including natural events and ongoing relations with employees; 5. impact of changes to or non-compliance with environmental regulations; 6. impact of any product liability claims in excess of insurance coverage; 7. impact of future outcome of certain tax exposures; 8. effects of currency exposures and exchange rate fluctuations. The above list of important factors affecting forward-looking information is not exhaustive. Additional factors are noted elsewhere and reference should be made to the other risks discussed in filings with UAE securities regulatory authorities. Except as required by applicable law, Agthia Group PJSC does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on behalf of the Company, whether as a result of new information, future events or otherwise, or to publicly update or revise the above list of factors affecting this information.

Corporate Governance Report

2023

Governance, Risk & Compliance Team
AGTHIA GROUP

Board Chairman's message

Khalifa Sultan Al Suwaidi

Dear Shareholders, Stakeholders, and Members of the Agthia Community,

I am pleased to present the statement on corporate governance for the fiscal year ending December 2023. At Agthia, we firmly believe that a robust corporate governance framework is essential for building trust, fostering sustainable growth, and creating long-term value for all stakeholders.

We remain unwavering in our commitment to upholding the highest standards of ethical conduct. Our Board of Directors and leadership team are dedicated to maintaining a culture of integrity, honesty, and accountability throughout the organization.

The composition of our Board is designed to ensure a diverse and independent perspective. Our Board comprises experienced individuals with a mix of skills, expertise, and backgrounds, fostering constructive debate and effective decision-making.

Agthia continues to enhance its risk management processes and internal controls to mitigate potential threats and capitalize on opportunities. Our rigorous risk assessment practices and robust internal control systems are regularly reviewed and updated to adapt to the evolving business landscape.

We value the input of our shareholders and actively seek opportunities for engagement. Regular communication through shareholder meetings, forums, and updates ensures that we understand and address your concerns, ultimately working towards aligning the company's strategy with the expectations of our shareholders.

We are committed to making a positive impact on society and the environment. Our CSR initiatives are integrated into our business strategy, emphasizing sustainability, community development, and environmental stewardship. By incorporating responsible business practices, we aim to contribute to the well-being of the communities in which we operate.

Our remuneration policies are designed to attract and retain top talent while aligning with the long-term interests of our shareholders. The remuneration committee regularly reviews executive compensation to ensure it reflects both individual and company performance.

In conclusion, Agthia remains steadfast in its commitment to upholding the principles of good corporate governance. We believe that transparent, ethical, and accountable business practices are integral to our success and the trust placed in us by our stakeholders.

Finally, I want to take this opportunity to thank all my colleagues on the Board and Agthia's Executive Management team, Corporate Governance, Risk and Compliance team, and the employees for their commitment to creating an ethos of responsibility, transparency, and accountability that promotes good governance at all levels of Agthia.

Thank you for your continued support and trust in Agthia.

Sincerely,

Khalifa Sultan Al Suwaidi (Chairman of the Board Agthia)

Overview

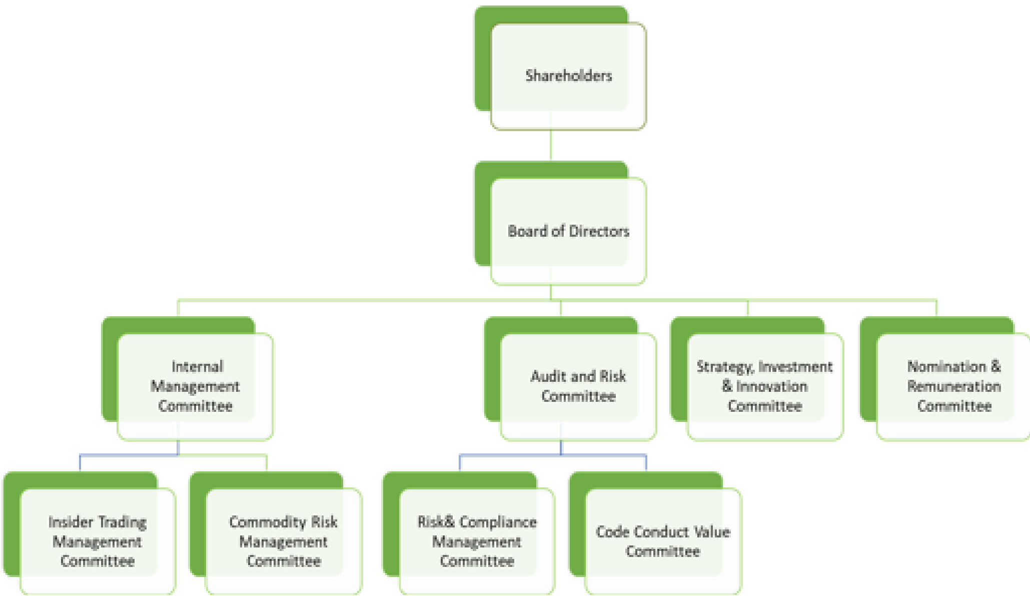
At Agthia, we believe that our company's ability to compete successfully and reach its full value potential is greatly influenced by a strong foundation of sound corporate governance and business ethics. For our business, this entails the development of sustainable value via business principles, corporate social responsibility, and environmental stewardship; leadership by a management team of unwavering integrity overseen by our Board of Directors; and a dedication to shareholder and stakeholder engagement. The Chairman of Authority's Board of Directors' Resolution No. 3/RM of 2020 concerning the approval of joint-stock firms' Governance Guide (Resolution 3) is complied with by Agthia Group PJSC (the Group).

This report, which has been released on the websites of the Group and the Abu Dhabi Exchange (ADX), provides a summary of the corporate governance policies and practices of the Group as of December 31, 2023. It has been filed with the Securities and Commodities Authority (SCA). The Board is totally dedicated to upholding strict corporate governance guidelines to continuously safeguard the interests of all shareholders.

Implementation of Corporate Governance Principles

Corporate governance principles that are properly implemented serve as the cornerstone of ethical company practices and bolster management's dedication to provide shareholders with long-term, profitable returns on investment. The Group upholds a high standard of accountability and transparency, which includes establishing and keeping an eye on suitable corporate goals, plans, and practices that align with its moral and legal obligations.

Group Governance Structure



The Board has adopted the Group's Corporate Governance Manual, which reflects the requirements of Resolution 3 and outlines the procedures and structures that the Group uses to exercise board-level control as well as the guiding principles of governance that the Group adheres to.

The General Assembly of Shareholders, the Board of Directors, including the Chairman of the Board and Board Committees, the Chief Executive Officer, the Executive Management, pertinent Management Committees, Risk, Compliance, Internal Audit, External Audit, Company Secretary, and other stakeholders are among the parties whose roles and responsibilities are made clear in the manual when it comes to governance processes.

Several Group policies and guidelines have been developed and adopted by the Board to achieve strong corporate governance standards. The relevant policies in this regard are as follows:

A **Code of Business Ethics and Conduct**

that directs the behaviour of directors and workers and guards against any interference with their objectivity and independence when it comes to issues like gifts, secrecy, and conflicts of interest.

An **Anti-Bribery and Anti-Corruption policy**

that instructs staff members on moral behaviour and prohibited behaviour pertaining to gifts, hospitality, entertainment, and bribes.

Appropriate **Delegation of Authority**

that strikes a balance between control and empowerment to enable effective and efficient decision-making.

An **Investors Relations Policy**

that explains to stakeholders and shareholders how the Group plans to update them on significant changes and offers a set of procedures that Agthia can use to carry out its Investors Relations Program.

An **Insider Trading Policy**

to prevent directors and employees from improperly using price-sensitive information that they have access to because of their Group positions.

The Group's stance on the allocation of profit and the declaration and distribution of dividends is outlined in the **Dividend Distribution Policy.**

A **Risk Management Policy**

to support appropriate and uniform risk management procedures and a methodical approach to recognizing, evaluating, ranking, controlling, and disclosing material risks to the Group.

Business Continuity Management Policy:

To increase the group's overall business resilience, a business continuity management system that complies with local and international standards will be implemented.

An **Information Security Policy**

that emphasizes Agthia's support for and dedication to the administration of information security at Agthia.

Dealing in Company Securities

None of the Board Members have traded in the Company's shares during 2023.

Board Member Name	Position	Owned shares as on 31/12/2023	Total Sale	Total Purchase
Khalifa Sultan Al Suwaidi	Board Chairman	Nil	Nil	Nil
Salmeen Obaid Alameri	Board Vice-Chairman	Nil	Nil	Nil
Khamis Mohamed Buharoon Al Shamsi	Board Member	Nil	Nil	Nil
Caitlin Nguyen	Board Member	Nil	Nil	Nil
Gil Adotevi	Board Member	Nil	Nil	Nil
Svet Varadzhakov	Board Member	Nil	Nil	Nil
Sharmila Murat	Board Member	Nil	Nil	Nil
Mariam Ahmed AlRemeithi	Board Member	Nil	Nil	Nil
Maurizio Patarnello	Board Member	Nil	Nil	Nil

Additionally, none of the Board Members' direct family members have traded in the Company's shares during 2023.

The Board of Directors

The responsibility of the Board of Directors is to create and deliver long-term value through efficient company governance on behalf of the shareholders. It is the Board's responsibility to ensure that effective management is in place to implement the Group's strategy.

The Board is the principal decision-making authority for all matters that are material to the Group. The Board has a rolling agenda to ensure that the key areas remain in focus throughout the year.

Board Structure and Composition

The current Board of Directors was chosen for a three-year term at the Annual General Meeting on April 17, 2023. Eight independent non-executive directors and an independent non-executive chairman make up the board's current membership of nine. The Group feels that diversity improves the caliber and efficacy of governance and encourages women to enter and remain in the corporate world. The Group accepted nominations for the most recent Board election from both male and female candidates. Agthia was successful in electing two additional female board members in April 2023, in addition to the one already in place. The board continuously makes sure that Directors have the abilities, know-how, and experience needed to carry out their responsibilities.

Agthia Board of Directors

Khalifa Sultan Al Suwaidi
Chairman
Non-Executive, Independent

Director since: April 2020

Experience:

Khalifa Al Suwaidi is a managing partner at Lunate and brings over 23 years of experience to the firm. In his position as managing partner, he oversees Lunate's Fund Investments, Partnership and Strategy.

Prior to co-founding Lunate, Mr Suwaidi served as the Chief Executive Officer of Abu Dhabi Growth Fund, managing $35 billion in assets primarily across private market strategies. Previously he held the position of Group Investment Officer at ADQ. Mr Al Suwaidi has also held several senior managerial positions at Mubadala Investment Company and Abu Dhabi National Chemical Company.

Mr Suwaidi holds a bachelor's degree in business administration from California State University in the United States. He also has an executive master's degree in business administration with Distinction from Zayed University.

Other Board memberships:

Vice Chairman, Abu Dhabi Ports

Vice Chairman, TAQA

Salmeen Obaid Alameri
Vice Chairman
Non-Executive, Independent

Director since: April 2020

Experience:

Salmeen Alameri holds the position of Chief Executive Officer at Silal since January 2022 and has more than 20 years of commercial and operational management expertise, notably in the feed and food sector. In his current role at Silal, Alameri is responsible for driving the strategic growth of the company and achieving its operational target objectives.

Other Board memberships:

Board Member, Abu Dhabi Sewerage Services Company (ADSSC)

Khamis Mohamed Buharoon Al Shamsi
Board Member, Non-Executive, Independent

Director since: April 2014

Experience:

Khamis Mohammed Buharoon Al Shamsi is a prominent figure in the banking and finance sector, with more than 30 years of experience.

He currently holds the position of Vice Chairman at Abu Dhabi Islamic Bank (ADIB), where he plays a pivotal role in driving the bank's growth and strategic initiatives.

Other Board memberships:

Chairman, Abu Dhabi National Takaful Co. PSC
Chairman, ADIB Securities
Board Member, Etihad Capital
Board Member, Naeem Holding Company, Egypt
Managing Director of Royal Capital

Khamis Mohamed Buharoon Al Shamsi
Board Member, Non-Executive, Independent

Director since: April 2020

Experience:

Gil Adotevi is Chief Executive Officer, Food & Agriculture at ADQ. He oversees the development and growth of all portfolio companies within the cluster while identifying and driving new investment opportunities.

Prior to joining ADQ, Gil was Senior Vice President at Mubadala Investment Company where he was responsible for the performance, growth and key acquisitions of the company's investments in Food and Agribusiness, Metals & Mining, and Utilities units

Gil holds a bachelor's degree in finance from McGill University in Montreal, Canada, and is a graduate of the London Business School's MBA program.

Other Board memberships:

Chairman, Unifrutti
Board Member, Lulu
Board Member, Louis Dreyfus Company
Board Member, Al Dahra Holding

Caitlin Nguyen
Member
Non-Executive, Independent

Director since: April 2023

Experience:

Caitlin is Head of Digital and Customer Engagement, Abbott Laboratories. Ms. Caitlin Nguyen is an expert in growth marketing with over 25 years of experience in APAC, Europe, and the United States.

She specializes in digital business transformation in developed and emerging markets. In regional and global management positions, she has focused on Asia-Pacific and META markets for the past ten years.

Other Board memberships:

NA

Sharmila Jennifer Murat
Member
Non-Executive, Independent

Director since: January 2022

Experience:

Sharmila Murat currently serves as Chief Commercial Officer of Bluebell Group, where she spearheads global expansion and investment efforts within the consumer goods retail sector. She has done Master of Business Administration (MBA), from the Wharton School at the University of Pennsylvania. She also holds Bachelor of Science in Electrical Engineering (BSEE), degree from the Grainger College of Engineering at the University of Illinois at Urbana-Champaign.

Svetoslav Todorov Varadzhakov
Member
Non-Executive, Independent

Director since: April 2023

Experience:

Svet Todorov Varadzhakov is a portfolio management professional with extensive experience in agribusiness investments. He currently leads portfolio management, growth, and value creation initiatives for ADQ's investments in Louis Dreyfus & Company, Agthia, and Lulu, focusing on developing new global investment platforms in Poultry, Aquaculture, and Alternative Proteins. Svet was also instrumental in establishing Agthia Ventures, the first CVC of its kind in the Middle East, which concentrates on emerging food technologies, novel ingredients, alternative proteins, healthy drinks, and snacks. Currently he is a Director, Portfolio Management, ADQ.

Other Board memberships:

Board Member, Agthia Ventures

Maurizio Patarnello
Member
Non-Executive, Independent

Director since: April 2023

Experience:

Maurizio Patarnello is a seasoned CPG Chairman and CEO with a track record of managing large and complex organizations. He is a dynamic, results-driven leader with extensive experience in developing, premiumization, and innovating local and global brands such as Perrier and S. Pellegrino.

He could unlock the growth potential in developed (West Europe and North America) and developing (East Europe, the Middle East, and Asia) nations.

Other Board memberships:

Board Member, HWB LLC

Mariam Ahmed Al Remeithi
Member
Non-Executive, Independent

Director since: April 2023

Experience:

Mariam Ahmed Al Remeithi brings robust experience in the investment industry to her role as a Senior Equities associate in the Equities Department at Abu Dhabi Investment Authority (ADIA). With a focus on the Consumer and Healthcare sectors in the GCC/MENA region, she adeptly manages the portfolio, offering comprehensive coverage, strategic insights, and driving informed investment decisions. Mariam is recognized for her active engagement and in-depth analysis of publicly listed consumer companies, particularly in the dairy, juice, snacks, bakery, frozen foods, and poultry markets.

Directors' Fees and Remuneration

Remuneration of the Group's Board of Directors is determined in accordance with the provisions of the Group's Articles of Association. The Directors' fees are a fixed fee and are not linked to Board meeting attendance. Directors' fees of AED 2.45 million relating to 2022, was approved in the General Assembly held in 2023, and thereafter paid in 2023.

Total Director's fees of AED 5.83 million relating to 2023, towards Board of Directors', Audit, and Nomination & Remuneration Committee Members' fees, are to be paid in 2023, subject to shareholder approval. No additional allowances, salaries, or fees were received by the Board members for the year 2023 (January-December). The below attendance includes proxy attendance also.

Board /Committee Member	Board Committee Membership	No of Days	Board Director's fees in AED	Number of board meetings attended	Committee Member's fees in AED	Number of Committee meetings attended
Khalifa Sultan Al Suwaidi– **Chairman**	Board	365	1,2500,000	7	-	-
Salmeen Obaid Alameri – **Vice-Chairman**	NRC & SIIC	365	750,000	7	40,000	4
Gil Adotevi	SIIC	365	500,000	7	70,000	7
Khamis Mohamed Buharoon Al Shamsi	ARC	365	500,000	7	60,000	6
Gianluca Fabbri	ARC	108	147,945	1	10,000	1
Khalaf Al Hammadi	ARC	108	147,945	1	10,000	1
Sharmila Jennifer Murat	NRC &SIIC	365	500,000	7	100,000	10
Mariam AlRemeithi	SIIC	257	352,055	6	70,000	7
Maurizio Patarnello	SIIC	257	352,055	6	70,000	7
Caitlin Nguyen	SIIC	257	352,055	6	70,000	7
Svet Varadzhakov	ARC & NRC	257	352,055	6	80,000	8
Susan Daniel	ARC		NA	NA	50,000	5

- NRC- Nomination and Remuneration Committee
- ARC-Audit and Risk Committee
- SIIC-Strategy, Investment, and Innovation Committee
- Svetoslav Todorov Varadzhakov attended SIIC meeting as a special invitee.

Board Meetings

During 2023, seven Board of Directors meetings were held.

Board Member	07-Mar	18-Apr	09-May	13-Jun	02-Aug	10-Oct	07-Nov
Khalifa Sultan Al Suwaidi – **Chairman**	P	P	P	P	P	P	P
Salmeen Obaid Alameri – Vice Chairman	P	P	P	P	P	P	P
Gil Adotevi	P	P	P	P	P	P (Proxy to HE Khalifa)	P
Khamis Mohamed Buharoon Al Shamsi	P	P	P	P	P	P	P
Caitlin Nguyen	NA	P	P	P	P	P	P
Mariam AlRemeithi	NA	P	P	P	P	P	P
Maurizio Patarnello	NA	P	P	P	P	P	P
Sharmila Murat	P	P	P	P	P	P	P
Svet Varadzhakov	NA	P	P	P	P	P	P
Khalaf Alhammadi	P	Term ended					
Gianluca Fabri	P						

P: Present, NA: were not board member at that time, A: Apologies sent/leave of absence was granted to members not attending the meeting(s),

Circular Resolutions passed by the Company.

One Circular Resolution was passed in the year 2023 in the month of February.

Board Effectiveness Evaluation

Every year, the Board, its members and committees, and the Group's performance are evaluated to increase the Board's overall efficacy as well as the performance of the Committees and individual directors. Every essential element of good governance, including but not limited to knowledge, instruction, responsibility, efficient communication, high-calibre dialogues, and succession planning, was outlined in our board performance evaluation. The Board thinks it is operating efficiently to fulfil its obligations to the shareholders based on the individual assessments completed by each member.

Board Induction and Development

The Chairman is responsible to ensure the new director induction and continuing director's development, with assistance from the Company Secretary. Upon joining the Board, each board member is given a customized induction that covers their roles and responsibilities. A thorough briefing on all significant facets of the Group's operations is also provided to the directors.

Company Secretary

In addition to serving as the main point of contact for senior management and the board of directors, the company secretary is crucial to the management of significant corporate governance issues. The Board nominated **Mr. Yasser Abdelkhalek Omar** as our company secretary on May 3, 2021, and he reports to the Board on secretarial duties. The principal duties of the company secretary are as follows:

• To organize director's meetings in accordance with procedures to be agreed upon from time to time by the Board Chair and the Board.

• Prepare notices, agendas of meetings, and supporting reports and documentation in a timely manner.

•To attend Board meetings and undertake secretarial responsibilities, including organizing minute-taking responsibilities at each meeting.

• In conjunction with the CEO and other senior management, carry out instructions of the Board and give practical effect to the Board's decisions.

• To report to the Board with respect to all corporate secretarial responsibilities.

• Arrange/organize shareholders' meetings

External Auditors

The Board nominates the Group's external auditors based on the recommendation of the Audit Committee. The appointment and remuneration of the external auditors are approved by the General Assembly of Shareholders.

At the Annual General Meeting held on 17th April 2023, the shareholders appointed Deloitte, one of the leading international audit firms, as the external auditors for the year 2023. Deloitte is a multinational professional services firm. It is one of the Big Four audit firms.

Deloitte & Touche (M.E.) had been the only external auditor of the Company for five years, since their appointment at the General Assembly Meeting held on April 26, 2018. Mr. Badr El Hassan is the Deloitte partner assigned as Engagement Partner effective Q2 2021.

Audit and non-audit related fees and costs of the services provided by the external auditors during 2023 were AED 2,585,400

Deloitte Charges for 2023	AED
Total audit fees for 2023	2,258,400
Other non-audit services (Subsidy quarterly review, Special purpose financials, and ICFR)	327,000
Total	2,585,400

No other services of the external auditors were utilized during 2023.

There have been no qualified opinions reported by our external auditors on Agthia Group's interim and annual consolidated financial statements as of 31 December 2023. Please refer to the Independent Auditors' Report in the Financial Statements for further details.

Board Committees

To help the Board carry out its duties, the Board formed three Board Committees. The Committees function in accordance with the respective charters that the Board has adopted. Their tasks, responsibilities, authority, composition, and reporting procedures to the Board are outlined in their charters.

Audit and Risk Committee Chairman’s Message

Khamis Mohamed Buharoon Al Shamsi

Dear Shareholders, Colleagues, and Stakeholders,

I am honored to present the Chairman's message on behalf of the Audit, Risk, and Compliance Committee as part of our commitment to transparency and effective corporate governance.

The Audit, Risk, and Compliance Committee plays a vital role in providing independent oversight and assurance regarding the integrity of Agthia’s financial reporting, risk management processes, and compliance with applicable laws and regulations. Over the past fiscal year, we have diligently fulfilled our responsibilities to safeguard the interests of shareholders and stakeholders alike.

Our committee has worked closely with the management team and external auditors to ensure the accuracy, transparency, and reliability of our financial reporting. The rigorous audit processes undertaken have assured shareholders that our financial statements are a true reflection of the company's performance.

Effective risk management is a cornerstone of our corporate governance philosophy. The Committee has actively engaged with the risk team to identify, assess, and mitigate key business risks that could impact Agthia's objectives. Our ongoing commitment to a robust risk management framework is essential for navigating the dynamic business environment and safeguarding the interests of all stakeholders.

Maintaining the highest standards of compliance and ethical conduct is non-negotiable for Agthia. Our committee has closely monitored compliance with laws, regulations, and internal policies. We are pleased to report that the company continues to uphold a culture of ethics, integrity, and responsible business practices.

The Audit, Risk, and Compliance Committee operates independently to ensure objectivity and effectiveness. Our members bring diverse expertise, and our interactions with management and external auditors are characterized by open dialogue and a commitment to continuous improvement.

As we look ahead, our committee remains dedicated to staying abreast of emerging risks and industry best practices. We will continue working closely with management to enhance our risk management processes, strengthen internal controls, and ensure the company's compliance with evolving regulatory requirements.

I would like to express my gratitude to the members of the Committee for their diligence, expertise, and commitment to excellence. Additionally, we appreciate the cooperation and transparency demonstrated by the management team and the Board of Directors.

The Audit, Risk, and Compliance Committee is fully committed to fostering a culture of accountability, transparency, and risk-aware decision-making. We remain focused on ensuring Agthia's resilience and long-term success.

Thank you for your trust in Agthia.

Sincerely,
Khamis Mohamed Buharoon Al Shamsi
Chairman, Audit, Risk, and Compliance Committee Agthia

Audit and Risk Committee

The Board of Directors appointed the three members of the Audit Committee. There were three non-executive members that were independent.
The Audit and Risk Committee's Chairman, HE Khamis Mohamed Buharoon Al Shamsi, accepts accountability for carrying out the committee's mandate throughout the Group, which includes evaluating the committee's work process and making sure it operates effectively in accordance with the Audit Committee's approved charter. Six meetings of the Audit Committee were convened in 2023:

Present Audit & Risk Committee Members	06-Mar	*08-May*	01-Aug	10-Oct	06-Nov	7-Dec
Khamis Mohamed Buharoon Al Shamsi – Chairman	P	P	P	P	P	P
Svetoslav Todorov Varadzhakov	NA	P	P	P	P	P
Susan Daniel (Independent Committee Member)	NA	P	P	P	P	P
Khalaf Abdulla Rahma Al Hammadi	P	Term ended				
Gianluca Fabbri	P	Term ended				

P: Present, A: Apologies sent/leave of absence was granted to members not attending the meeting(s).
Total fee for the year 2023 is AED 0.18 million (2022: AED 0.18 million).

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible for the review of the Group's HR framework and compensation programs. The Committee makes recommendations to the Board on the remuneration, allowances, and terms of service of the Group's senior executives to ensure they are fairly rewarded for their individual contribution to the Group. All three Committee members are Independent Non-Executive Directors of the Board.

NRC Chairman's statement.

Sharmila Murat

Dear Shareholders, Colleagues, and Stakeholders,

I am honored to present the Chairman's message on behalf of the Nomination and Remuneration Committee, reflecting our commitment to fostering a culture of talent excellence and ensuring effective governance in the compensation framework.

The Nomination and Remuneration Committee has diligently fulfilled its responsibilities over the past fiscal year, playing a pivotal role in shaping the strategic leadership of Agthia. We have been focused on identifying and appointing individuals who bring diverse skills, experiences, and perspectives to the Board and executive leadership team.

Our committee has worked closely with the Board and executive management to develop and implement robust nomination and succession planning processes. We believe that a dynamic and diverse leadership team is critical for navigating the challenges of our industry and capitalizing on emerging opportunities.

We remain committed to promoting diversity at all levels of Agthia, recognizing the value it brings to decision-making and overall corporate governance. The committee has actively sought to enhance diversity in our Board and senior leadership positions, ensuring a broad range of backgrounds and expertise.

The Nomination and Remuneration Committee recognizes the importance of aligning executive remuneration with the company's performance and long-term objectives. Our remuneration policies are designed to attract and retain top talent, while also emphasizing accountability and sustained value creation for our shareholders.

We understand the importance of transparent communication regarding our remuneration practices. In this report, you will find detailed information on our executive compensation structure, ensuring that shareholders and stakeholders alike have a clear understanding of how our remuneration policies align with our corporate strategy and performance metrics.

The Committee values the input of shareholders and stakeholders in shaping our remuneration policies. We have actively sought feedback and engaged in constructive dialogue to ensure that our practices align with the expectations of our diverse set of stakeholders.

As we move forward, the Nomination and Remuneration Committee is committed to continuous improvement in our processes and practices. We will remain vigilant in monitoring market trends, regulatory developments, and best practices to ensure that Agthia remains at the forefront of effective corporate governance.

I would like to express my gratitude to the members of the Committee for their dedication and insightful contributions. Additionally, we appreciate the collaborative spirit demonstrated by the Board, executive management, and all stakeholders.

In conclusion, the Nomination and Remuneration Committee remains committed to upholding the highest standards of corporate governance and contributing to the sustained success of Agthia.

Thank you for your trust in Agthia.

Sincerely,
Sharmila Murat
Chairman, Nomination and Remuneration Committee, Agthia

The Chairman of the Nomination and Remuneration Committee, Ms Sharmila Murat, acknowledges responsibility for discharging the Nomination and Remuneration Committee's mandate across the Group, review of its work mechanism and ensuring its effectiveness in line with the approved charter of the Nomination and Remuneration Committee.

During the year, three Nomination and Remuneration Committee meetings were held:

Present Nomination and Remuneration Committee Member	23 May	11 Sep	5 Nov
Sharmila Murat- Chairman	P	P	P
Salmeen Obaid Alameri	P	P	P
Svetoslav Todorov Varadzhakov	P	P	P

P: Present, A: Apologies sent/leave of absence was granted to members not attending the meeting(s).
Total fee for the year 2023 is AED 0.09 million (2022: AED 0.15 million)

Strategy, Investment, and Innovation Committee

Strategy, Investment and Innovation, Committee (SIIC) is formed to assist the Board by reviewing and endorsing:

- The Group's strategy.
- Business development activities, including merger & acquisition and greenfield and brownfield development, and disposal of assets and businesses.
- Proposals for capital expenditure or abandonment expenditure by a member of the Group, whether such proposals are for projects that are part of the approved annual budget or the approved capital program, which are not within the approval authority of the Group Chief Executive Officer according to the Delegation of Authority.
- Receive quarterly treasury report and financing activity as defined in DOA.
- Annual budget and business plans, as well as overruns defined in DOA.

This Committee also oversees the implementation of the strategies and investments, or disposals approved by the Board.

SIIC Chairman's statement

Gil Adotevi

Dear Shareholders, Colleagues, and Stakeholders,

I am honored to present the Chairman's message on behalf of the SIIC, reflecting our commitment to prudent and strategic capital allocation for the benefit of Agthia and its stakeholders.

The SIIC has played a crucial role in steering Agthia's investment strategies over the past fiscal year. Our focus remains on aligning investment decisions with the company's overall strategic goals and creating sustainable value for our shareholders.

In the face of a dynamic and often unpredictable market environment, our committee has been dedicated to assessing opportunities and risks rigorously. We prioritize investment decisions that offer not only potential returns but also consider the future proofing our businesses through innovation and technology. This approach is fundamental to safeguarding the financial health and resilience of Agthia in a fast-evolving world.

Currently, innovation stands as the key principle guiding our investment strategy. By continuously reviewing and refreshing our product portfolio, our approach to market, and how we interact with our consumers, whilst integrating new technologies, we aim to mitigate risks and capitalize on yet undiscovered opportunities.

Recognizing the importance of sustainability and responsible investing, the SIIC has integrated Environmental, Social, and Governance (ESG) considerations into our decision-making process. We believe that investments aligned with ethical and sustainable practices contribute not only to our financial success but also to our broader social and environmental responsibilities.

Our investment decisions are guided by a commitment to creating long-term value for our shareholders. By carefully evaluating opportunities and aligning them with the company's strategic objectives, we aim to deliver sustainable returns and contribute to the overall success of Agthia.

Transparency is a cornerstone of our governance principles Committee. We believe that transparent communication is vital for building trust and confidence among our shareholders and stakeholders.

I extend my gratitude to the members of the SIIC for their expertise, diligence, and commitment to sound investment practices. Additionally, we appreciate the collaboration with the Board, executive management, and all stakeholders.

As we look ahead, the SIIC remains dedicated to navigating the complexities of the investment landscape with prudence and foresight, ensuring the sustained success of Agthia.

Thank you for your trust in Agthia.

Sincerely,
Gil Adotevi
Chairman, Strategy, Investment, and Innovation Committee

During the year 2023, eight meetings were conducted.

Present Strategy, Investment, and Innovation Committee	**3 Mar**	**26 Apr**	**15May**	**15 Jun**	**13 Jul**	**14 Sep**	**16 Nov**	**14 Dec**
Gil Adotevi-Chairman	P	P	P	P	P	A	P	P
Sharmila Jennifer Murat	P	P	P	P	P	P	P	A
Caitlin Nguyen	NA	P	P	P	P	P	P	P
Mariam AlRemeithi	NA	P	P	P	P	P	P	P
Maurizio Patarnello	NA	P	P	P	P	P	P	P
Salmeen Obaid Alameri	P	NA	NA	NA	NA	NA	NA	NA

P: Present, A: Apologies sent/leave of absence was granted to members not attending the meeting(s).

- Total fee for the year 2023 is AED 0.360 million (2022: AED 0.12 million)
- Svetoslav Todorov Varadzhakov attended SIIC meeting as a special invitee.

Conduct and Values Committee

The Conduct and Values Committee is appointed as a sub-committee of the Audit Committee by the Board of Directors to assist the Audit Committee to review arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties including fraud, and to ensure that a process is in place for the independent investigation of such matters and for appropriate follow-up action. The Committee is entrusted by the Audit Committee with responsibilities for receiving, reviewing, assessing the credibility of allegations, and investigating allegations. The Committee through its' established mechanism has reviewed all such cases or allegations reported in 2023 and reported the conclusion of the proceedings to the Audit Committee. The Committee convened four time in 2023 to discuss on all matters relating to employee conduct and the status of the allegations reported on the Whistle-blower hotline.

The Committee members are:

- Head of Internal Audit (Chairman)
- Head of Human Capital
- Group General Counsel
- Senior Director Governance, Risk and Compliance

Delegation of Authority

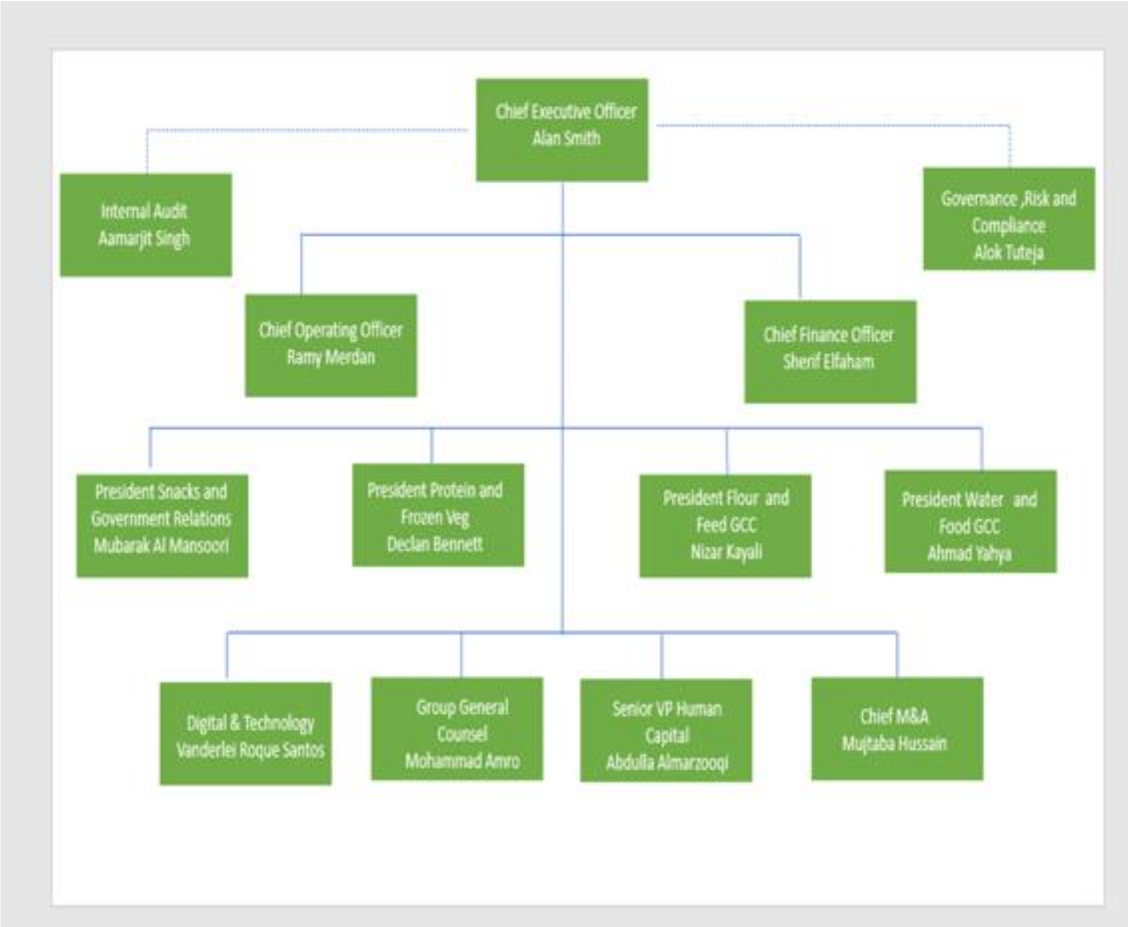
The Board is and shall remain responsible for the overall governance of the Group and for those matters that are reserved for the Board. The Board through a resolution provided the Chairman, powers, and authorities on behalf of the Board with the right of delegation. The Chairman, under Special Power of Attorney, delegated key authorities to the CEO – Alan Smith, CFO -Sherif El Faham, SVP Human Capital-Abdulla Almarzooqi and the President Snacks and Government relations– Mubarak Al Mansoori to be exercised jointly, which is valid for three years.

Some of the key authorities delegated by the Board are as follows:

- To jointly manage the Company and its subsidiaries' operations.
- To represent and jointly manage the Company and its subsidiaries in all transactions and documents before the Government.
- To sign jointly all contracts and agreements on behalf of the Company inside and outside of the United Arab Emirates.
- To represent the Company jointly in any manufacturing and/or distribution deals.
- To represent the Company jointly before the banks for opening and closing accounts, applying for loans and financial facilities, and signing LCs, bank guarantees, and other bank documents.
- To incorporate companies and branches in the United Arab Emirates or abroad and sign their articles of association jointly.

In pursuance of the special powers and authorities delegated to the Company management as stated above (CEO, CFO, SVP Human Capital and President Snacks and Government Relations), the Board has delegated some of their decision-making and approval authorities to the management as specified in the Authority Matrix approved by Board. The Delegation of Authority framework and policy is established to define the limits of authority designated to specified positions of responsibility within the Group. The Authority Matrix ensures efficient and effective decision making which balances empowerment against controls.

Organization Structure



Leadership Team

The Leadership Team is composed of senior executives of the Group responsible for the management of the business and meets on a regular basis. The committee members report to the CEO. The prime role of the Leadership Team is to review business performance, and organizational and operational matters; set strategies/initiatives and monitor their successful execution; and review key business KPIs, progress on key projects, etc.

Chief Executive Officer

The Chief Executive Officer (CEO) is appointed by the Board. The CEO is responsible to delivering sustained growth and must direct the Group towards the achievement of its business objectives, as defined by the Board. The primary role of the CEO is to define and execute the business vision, mission, and strategy of the Group and to ensure that all operations are managed efficiently in terms of allocating resources appropriately and profitably.

Alan Smith was appointed as CEO of the Group on July 5, 2020. Prior to his appointment, Alan was the Managing Director – the Middle East and Pakistan for Mondelez International, where he spent more than 19 years across multiple roles, overseeing sales, logistics, and operations for the GCC. He has strong cross-functional experience having led strategic initiatives, business turnarounds, manufacturing buildouts, and led multi-country operations as a business leader.

Alan Smith

Chief Executive Officer

Date of joining: July 5, 2020

Qualifications:

Bachelor of Engineering in Mechanical Engineering (UK)

Executive Master of Business Administration (INSEAD)

Chief Executive Officer's Message

Alan Smith
Chief Executive Officer

I am pleased to address you in this year's Corporate Governance Report, a testament to our unwavering dedication to transparency, accountability, and ethical business practices.

In a dynamic business landscape, our commitment to sound corporate governance remains paramount. We believe that a strong governance framework is the foundation of sustainable growth and long-term value creation for our shareholders and stakeholders alike.

Throughout the year, we have continued to uphold the highest standards of integrity in all our business dealings. Our Board of Directors has played a pivotal role in guiding the company toward strategic goals while ensuring that our actions align with the best interests of shareholders and the broader community.

Transparency is at the core of our operations. In the spirit of openness, we have enhanced our disclosure mechanisms, providing you with comprehensive insights into our decision-making processes, risk management strategies, and financial performance. We understand the importance of keeping our stakeholders well-informed, and this report is a testament to our commitment to that principle. We have implemented a new platform for whistleblower mechanisms. We have created a strong awareness of our compliance requirements.

Our governance practices extend beyond compliance, reflecting our proactive approach to addressing emerging challenges and opportunities. The Board's diverse composition ensures a wealth of perspectives, fostering robust discussions that shape our strategic direction and risk management policies.

This year has presented its share of challenges, and we have navigated through them with resilience and adaptability. Our governance framework proved its effectiveness in times of uncertainty, enabling us to make informed decisions that safeguarded the interests of our shareholders and stakeholders.

Looking ahead, we remain focused on continuous improvement. We will actively seek feedback from our shareholders, listen to their concerns, and integrate valuable insights into our governance practices. By doing so, we aim to further strengthen the trust you place in us as custodians of your investment.

In closing, I want to express my gratitude to our shareholders, employees, governance risk management and compliance team, and partners for their continued support. Together, we will continue to build a company that not only delivers financial success but also exemplifies the highest standards of corporate governance.

Sincerely,

Alan Smith

Chief Executive Officer Agthia

Total Reward Philosophy

Agthia Group provides compensation & benefits packages to attract, retain and motivate highly talented employees capable of providing diverse and responsibly produced brands, driven by innovative, passionate people.
Our compensation & benefits packages are designed to reflect relevant & measurable rewards linked to best practices and are reviewed regularly based on corporate and individual performance. Reviews are based on the results of a robust performance review and approvals process.
Our framework has an appropriate focus on short- and long-term incentives that align the interests of employees & shareholders.

Parameters	Definition	Components & Governance	2023 Compensation in AED '000
Fixed Compensation	Fixed compensation is aligned to the market practice for each job level and is reviewed regularly to ensure competitiveness.	Basic Salary and fixed allowances Job specific allowances Benefits based on grade, such as: - Medical Insurance - Annual leave - Airfare - Life Insurance - Savings Plan - Education allowance - Club membership. - Utilities Fixed compensation reviews depend on whether the employee achieved expected	Leadership Team members - 11 Total Fixed Compensation 19,642 Of which, cash based. – *15,454* *[basic salary, housing allowance, transportation allowance, and any other guaranteed job specific allowance, as applicable]* Of which other benefits - *4,188* *[Schooling, medical insurance, life insurance,*

		goals and delivered a prescribed performance level and based on market trends in line with the established performance management process.	*leave airfare, company savings plan, club membership, UAE Nationals pension, gratuity, etc.]*
Short Term Incentives (Annual Performance Bonus)	Variable pay (Annual Performance Bonus) is designed to promote the culture of pay-for-performance. Agthia uses a scorecard approach to measure performance based on relative KPIs	Annual Performance Bonus amounts are dependent on the following: - Overall Group Performance. - Business Unit performance, and - Individual performance. The Nomination & Remuneration Committee of the Board of Directors oversees the design, governance and effectiveness of the framework and allocation of awards, including overall amounts, and actual awards to Leadership Team.	Leadership Team members - 11 Annual Bonus Payout 7,898 *Agthia uses a scorecard approach to measure business performance based on financial KPIs such as* • *Revenue, Net Profit and Free Cash Flow on Equity.* *For individuals, performance is measured based on KPIs that are linked to Agthia strategic pillars, i.e.* • *Growth,* • *Efficiency,* • *Capability and* • *Any other function specific KPIs.*
Long Term Incentives	Agthia Long Term Incentive (LTI) framework is designed to drive achievement of long-term goals leading to shareholder value, and retention of high potential leaders.	Long Term Incentive awards are based on: • Performance; and • Potential. Such awards are used to purchase Agthia shares in line with the SCA rules and vested every three years based on tenure and Earnings per Share growth. The Nomination & Remuneration Committee of the Board of Directors oversees the design, governance and effectiveness of the framework and allocation of awards, including overall amounts, and actual awards to Leadership Team.	Leadership Team members- 10 Total Award Value 6,072 LTIs are vested as following: • *Restricted shares as per tenure* • *Performance shares as per Earnings per Share growth.*

Remuneration Type	Details	Total number of employees in 2023	Amount in AED'000
Total Fixed Compensation	15,454	11	15,454
	4,188		4,188
	19,642		**19,642**
Variable Pay	7,928	11	7,898
	6,072	10	6,072
Total			**33,612**

Insider Trading Management Committee

The Insider Trading Management Committee is appointed by the Board as a Management Committee to oversee and follow up on insiders' trading and their holdings. The Committee is entrusted by the Board with the following responsibilities:

• Ensuring that the reputation of the Group is not adversely impacted by perceptions of trading in the Group's securities at inappropriate times or in an inappropriate manner by employees of the company.

• Evaluating where the employee or third party (such as the Group's auditors, bankers, lawyers, or other professional advisors) may be classified as an insider who has direct or indirect access to "inside information" which may affect the Group's share price and/ or trading of Group's shares.

• Prepare and maintain a special and comprehensive register of all insiders, including Directors, Executive Management, and persons who could be considered as insiders on a temporary basis.

• Developing, reviewing, and continuously improving the Trading in Group Shares Policy including guidelines and procedures, ensuring compliance with the policy, and assessing any indicative non-compliance to the policy.

• Annual review of movement in insider shareholdings and report to the Board on compliance with the policy and regulatory requirements, highlighting any exception cases noted.

•Effective communication with ADX and SCA regarding blackout days, temporary suspension of trading and insider trading

The above activities were adequately discharged in 2023 by the Committee members and no exceptions were noted.

The Chairman of the Insider Trading Management Committee, Mr. Neeraj Jain – Vice President Group Controller, acknowledges responsibility for the follow-up and supervision system on transactions of the insiders in the Company through discharging the Insider Trading Management Committee's mandate across the Group, review of its work mechanism and ensuring its effectiveness in line with the approved charter.

The Committee members are:

Position	Name
Vice President Group Controller (Chairman)	Neeraj Jain
Group General Counsel	Mohammad Amro
Senior Director Governance, Risk and Compliance	Alok Tuteja
Senior HR Director, Centre of Excellence	Aby Varghese

Governance, Risk Management and Compliance (GRC) Statement

Alok Tuteja

Governance

I am pleased to present the Governance Risk and Compliance Message for Agthia's Corporate Governance Report for the fiscal year 2023. As the Governance Head, it is my privilege to share insights into our commitment to upholding the highest standards of corporate governance.

Over the past year, we have navigated through a dynamic business environment, facing challenges and seizing opportunities. Our governance framework has been a pillar of strength, guiding our decisions and actions with integrity and transparency. We firmly believe that effective governance is not only a regulatory requirement but also a cornerstone for sustainable business success.

Our governance provides the base for our actions leading to sustainable value creation. We continue to balance the pursuit of top-line and bottom-line growth with good governance mechanisms. We use our scale, resources, and expertise to create shared value for all our stakeholders.

Key Highlights of our Governance Practices:

Our Board continues to embody diversity, expertise, and independence, ensuring robust decision-making and effective oversight. We have strengthened the Board through nine independent directors with diverse experience and expertise directly relevant to Agthia’s business. We continue to engage with our shareholders.

We remain dedicated to fostering a culture of ethical behaviour. Our employees are encouraged to uphold our values, and our whistle-blowing mechanisms ensure a safe avenue for reporting any concerns.

Our Nomination & Remuneration Committee, chaired by our Independent Director, evaluates Board composition, performance, structure, and succession planning. It assesses candidates for nomination to the Board and ensures alignment of our remuneration systems with our values, strategies, and performance in 2023.

Our Audit & Risk Committee comprises all independent directors and oversees internal and external audits, financial reporting, internal controls, compliance, risk management, sustainability, and other second-line functions. It reviews reports of internal audits, external audits, compliance, fraud, and enterprise risk management.

Our Strategy, Investment & Innovation Committee comprises all independent directors and oversees the strategic creation, long and short-term investment management, and creation of innovative products and solutions.

Looking Forward: As we move forward, we are committed to continuous improvement. We will focus on specific goals or areas of improvement, reinforcing our governance framework to adapt to emerging challenges and capitalize on new opportunities.

In an ever-evolving business landscape, we have enhanced our risk management processes to identify, assess, and mitigate risks proactively.

Our commitment to open and constructive dialogue with our stakeholders persists. We value the input of our shareholders, customers, employees, and the communities in which we operate. We recognize that for our company to be successful over time and create sustainable value for shareholders, we must also create value for society. Our governance helps us strike the right balance in our pursuit of long-term, sustainable value creation.

Risk Management

It is my pleasure to share our dedication to fostering a risk-aware culture and ensuring the resilience of our organization.

The past year has presented us with unprecedented challenges, and our ability to navigate uncertainties has been a testament to our robust risk management practices. We understand that an effective risk management framework is crucial not only for compliance but also for safeguarding the long-term interests of our stakeholders.

We continue to enhance our processes for identifying potential risks, both internal and external. Our proactive approach allows us to anticipate challenges and develop mitigation strategies ahead of time.

Rigorous risk assessments remain a cornerstone of our strategy. We evaluate the potential impact and likelihood of risks, enabling us to prioritize and address the most critical issues facing our organization.

Our commitment to proactive risk management extends to the implementation of robust mitigation strategies. We strive to turn risks into opportunities, leveraging our expertise to navigate challenges and capitalize on emerging trends.

As we reflect on the past year, we recognize the need for continuous improvement. Our team is dedicated to refining our risk management processes, embracing technological advancements, and staying abreast of industry best practices to ensure the effectiveness of our risk mitigation efforts.

I extend my appreciation to the Risk Management team for their diligence and commitment. Additionally, I want to thank our Board, management team, employees, and stakeholders for their collaborative efforts in strengthening our risk management framework.

Agthia adopts a risk profile aligned with our purpose and business strategy. We aim to create long-term value through a balance of sustainable growth and resource efficiency.

The Agthia Group Enterprise Risk Management (ERM) framework is designed to assess and mitigate risks to minimize their potential impact and support the achievement of Agthia's long-term objectives and business strategy. A top-down assessment is performed at the group level once a year called Key Business Risk (KBR). A bottom-up assessment occurs in parallel, resulting in aggregation of the individual risk assessments. This creates a good understanding of the company's key risks to allocating ownership to drive specific actions around them and take any relevant steps to address them.

Additionally, Agthia engages with stakeholders to better understand the issues that are of most concern to them. The risk appetite rates the degree of the Board's concern and potential business impact. This helps to ensure that wider sustainability issues are incorporated into the risks and opportunities under consideration across the company. Risk assessments and any mitigating actions are the responsibility of the individual line management. If Group-level intervention is required, responsibility for mitigating actions will generally be determined by the leadership team.

Compliance

Business ethics and compliance are the foundations of how we do business and the conditions for creating shared value. Our commitments to ethics, integrity, fairness, and authenticity are enshrined in our Purpose and Values, the Corporate Business Principles, and the Agthia Code of Business Conduct. Our Compliance Management System (CMS) helps our employees do the right thing for the right reason while protecting and strengthening our reputation. Our Board of Directors and compliance team overseas and promote good practices throughout the company. Our dedicated Corporate Compliance function provides guidance and functional leadership and is engaged in our risk- and principles-based Compliance program. Our Audit & Risk Committee supported by Risk and Compliance Management Committee ensures a continuous evolution of our Compliance Framework. Head of Governance, Risk, and Compliance, and relevant Committees ensure a consistent approach across the Group and help identify local compliance priorities. In 2023, a significant increase in the number of mandatory trainings on topics such as the Code of Business Ethics and Conduct, Conflict of Interest, Fraud Awareness, and Sanctions was conducted. We monitor compliance through our corporate functions, our internal audit function, and our external auditors. We launched our new single reporting channel for non-compliance concerns and questions, using Ethix360 platform, which replaces the traditional reporting system. All complaints are investigated, and remedial actions are taken as needed. Our Compliance culture helps create sustainable value for all our stakeholders and makes Agthia a force for good.

Looking ahead, we remain steadfast in our commitment to maintaining a proactive and adaptive governance, risk and compliance management culture. We will focus on creating awareness and deep-routed governance and compliance culture promotion, ensuring that our organization is well-positioned to thrive in an ever-evolving business landscape.

In closing, I would like to express my gratitude to our Board, Audit & Risk Committee, CEO Alan Smith, management team, employees, and all stakeholders for their unwavering support. Together, we will continue to build a resilient and responsible organization.

Mr Alok Tuteja is the Senior Director of Governance, Risk and Compliance function.

Qualifications:

Bachelor of Commerce

Master of Business Administration

Certified Internal Auditor (CIA)

Certified Information System Auditor (CISA)

Certified in Risk and Information Systems Control (CRISC)

Certified in the Governance of Enterprise IT (CGEIT)

Certified Data Privacy Solutions Engineer (CDPSE)

Certified Information Systems Security Professional (CISSP)

Internal Audit

Aamarjit Singh

Vice President Internal Audit

The Group's system of internal control audit aims to ensure that the Board and management can fulfil the Group's business objectives. An effective internal control framework contributes to safeguarding the shareholders' investment and the Group's assets.

The objective of the Group's internal control audit framework is to ensure that internal controls are established; those policies and procedures are properly documented, maintained, and adhered to, and are incorporated by the Group within its normal management and governance processes.

In accordance with the requirements set out in Abu Dhabi Accountability Authority (ADAA) Resolution No (1) of 2017. Management performs an ongoing process of identifying, evaluating, and managing the risks faced by the Group and establishes and maintains effective controls for the risks identified including those over financial reporting.

The Group carries out the review of its internal controls over financial reporting on an annual basis with respect to all material financial balances whereby the Management assesses the adequacy of design and operating effectiveness of such internal controls over financial reporting. This management assessment is reviewed by the Group's independent auditors.

Management has adopted the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), 2013 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements.

Management has assessed the adequacy of design and the operating effectiveness of the Company's internal controls over financial reporting as of 31 December 2023. Based on the assessment, management has concluded that the internal controls over financial reporting are adequately designed and operating effectively with no material weaknesses being identified.

The Group's operating policies and procedures are adequate and effective while recognizing that such a system is designed to mitigate rather than eliminate the risk of failure to achieve business objectives and can provide reasonable but not absolute assurance against material misstatement or loss. The Board of Directors acknowledges its responsibility for the Group's internal control framework. The Board has delegated responsibility for oversight of the Internal Audit Department to the Internal Audit. and Risk. The Head of Internal Audit is appointed by the Audit and Risk Committee. The Audit and Risk Committee reviews the effectiveness of the Internal Audit function.

The objective of the Internal Audit function is to provide independent assurance and consulting services using a disciplined systematic approach to improve the effectiveness of risk management, internal control, compliance and governance process, and the integrity of the Group's operations. The function is also responsible for monitoring the compliance of the Group and its employees with the law, regulations, and resolutions, as well as internal policies and procedures. A Charter sets out the purpose, authority, and responsibility of the function.

28 reports prepared by Internal Audit are submitted to the Audit and Risk Committee and copied to the senior management of the Group for action. The overall internal controls environment remains robust across the Group. During the year, there were certain process level internal control enhancements that were identified and accepted for implementation towards continuous improvement of internal controls across the Group. On an ongoing basis, the Audit and Risk Committee monitors the progress that management has made with respect to remedial actions taken on issues and findings raised by Internal Audit.

On 14 May 2017, Aamarjit Singh was appointed as the Head of Internal Audit.

Qualifications:

Master of Business Administration (Manchester Business School),

Fellow Member, Association of Chartered Certified Accountants, UK

IBM Cybersecurity Professional (Analyst)

IBM Data Privacy for Information Architecture

Violations

During the year 2023, the Group was not subject to any material fines or penalties imposed by SCA or any statutory authority on any matter related to capital markets. Additionally, there have been no cases of material non-compliance with any applicable rules and regulations.

Corporate Social Responsibility (CSR)

The Group's approach to Corporate Social Responsibility focuses on the idea of creating shared value for all its stakeholders through economic, environmental, and social actions. Accordingly, the Group's CSR program has four pillars: Community, Workplace, Nutrition & Well-being, and Environment & Sustainability. The Group believes that in the heart of the shared value concept rests the ability of a company to create private value and to transform this into public value for society.

"For the Better" initiative launched in 2 phases during the year 2023. The first phase was launched at Agthia Group's annual Townhall on Thursday, December 15, 2022, and 2nd was announced for Abu auf employees after the full acquisition in June 2023, based on our ongoing commitment to prioritizing corporate social responsibility and in ideal alignment with our core values of cooperation and active participation.

This initiative demonstrated our unwavering commitment to support and prioritize the well-being of our employees, who represent the true essence of our core business and serve as its engine. The allocation of AED 361,870 was a tangible demonstration of our support and recognition of our employees as our most valuable assets, ensuring their well-being and fostering a productive work environment.

113 employees (Grade 1-5) benefited from this initiative across 7 regions in its 2 phases (initiative duration: from December 2022 till December 2023):

- Phase1- (Dec'22 - May '23)-Targeted (8,235) employees, Evaluated (1,810) requests. Selected (70) cases. Amount (AED 220,270)
- Phase2- (June '23 - Dec '23)- Targeted (2,100 Auf employees +Phase1 cases). Evaluated (1,317) requests. Selected (43) cases. Amount (AED 141,600)

Major other CSR activities were also undertaken by its business entities across geographies.

The Group is also a stout believer in national talent development. Of over 63 different nationalities in Agthia across all geographies, UAE nationals constitute the third largest and the top one in senior management.

Percentage as of December 31, 2023, is 21% (grades 5 and above) in the United Arab Emirates
Emiratisation % for December 2019: 19.2%
Emiratisation % for December 2020: 19.2%,
Emiratisation % for December 2021: 23.4%
Percentage as of December 31, 2022, is 21%

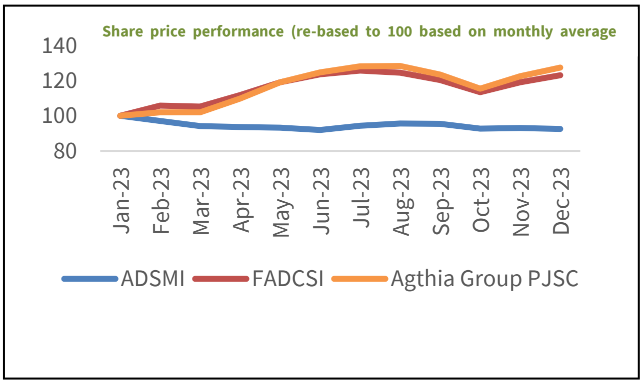
Related Party Transactions

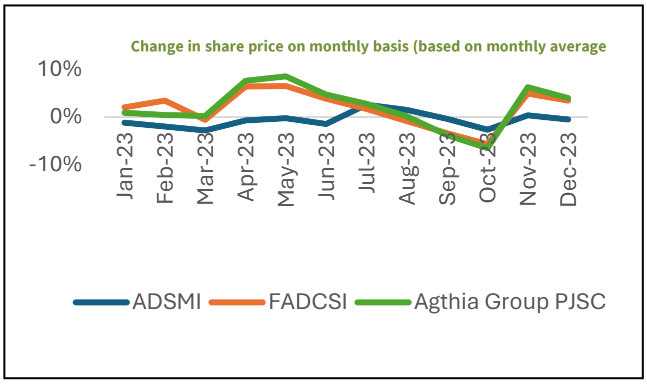
Note 13 of Financial Statements provides details of related party transactions. There were no related party transactions equal to or more than 5% of equity. below is a summary of related party transactions.

Particulars	As of 31 Dec 2022 AED '000	Sales AED'000	Collection AED'000	Expenses AED'000	Opening Balance AED'000	Others AED'000	As of 31 Dec 2023 AED '000
Due from related parties							
Emirates Iron and Steel Company	427	658	(674)				411
General Holding Corporation							
ADQ	723		(500)	-			223
Kouttouf & Hala	13,380	83,469	(83,041)	665			14,473
Dubai Cable Company	164	143	(272)				35

2023 share price performance

Agthia's share price performance continues to outperform the FTSE ADX General Index (ADSMI) as well as the FTSE ADX Consumer Staples Index (FADCSI).





Monthly share price (AED/share)

Month	Closing price (Beginning of month)	Monthly high	Monthly low	Closing price (End of month)
Dec-23	5.26	5.29	4.88	4.88
Nov-23	4.62	5.20	4.55	5.20
Oct-23	4.73	4.73	4.39	4.45
Sep-23	5.04	5.04	4.69	4.69
Aug-23	5.28	5.28	5.01	5.09
Jul-23	5.02	5.30	5.00	5.30
Jun-23	4.92	5.07	4.86	4.96
May-23	4.80	4.93	4.47	4.88
Apr-23	4.16	4.62	4.16	4.62
Mar-23	4.16	4.16	3.94	4.12
Feb-23	4.10	4.16	3.98	4.10
Jan-23	3.99	4.22	3.90	4.07

Shareholder category

As of December 31, 2023

Category	Government	Institutional	Individuals	Total	Percentage
UAE	527,584,090	33,889,249	104,594,895	666,068,234	84.14%
GCC (excluding UAE)	57,000	44,992,563	676,761	45,726,324	5.78%
Arabs (excluding GCC)	-	42,590	1,503,397	1,545,987	0.20%
Foreign	-	72,518,920	5,717,625	78,236,545	9.88%
Total	527,641,090	151,443,322	112,492,678	791,577,090	
Percentage	66.66%	19.13%	14.21%		

Shareholders owning 3% or more.

As of December 31, 2023

Shareholders	No. of shares	Percentage
General Holding Company SENAAT	497,577,090	62.86%
Abu Dhabi Pension Fund	30,000,000	4.10%
NORGES BANK	29,796,669	3.79%
SEVEN (PIF)	27,292,243	3.45%

Distribution of shareholders according to the size of ownership

As of December 31, 2023

Share ownership	No. of shareholders	No. of shares owned	Percentage
Less than 50,000	65,246	91,571,150	11.57%
From 50,000 to less than 500,000	184	26,368,124	3.33%
From 500,000 to less than 5,000,000	57	73,700,484	9.31%
5,000,000 and more	6	599,937,332	75.79%
Total	65,493	791,577,090	100%

Investor Relations

The Board is committed to effective communication between the Group and its shareholders. The Group regularly announces its results to SCA, ADX, and shareholders by way of interim management statements, quarterly results, and the annual report and annual financial statements. Significant matters relating to share trading or business development are disclosed to SCA, ADX, and the general public by way of market disclosures and announcements in accordance with the related provisions of applicable laws and regulations, in addition to press releases and postings on the Group's website. The annual investor relations program of the Group includes:

•Quarterly conference calls on financial results with investment community.

•Responding to inquiries from shareholders through the Group's investor relations function.

•Meetings between investors, analysts, and senior management.

•Regular investor roadshows and conferences organized by the investment community; and

•A section dedicated to investors on the Group's website, which comprises annual reports, quarterly results, corporate governance reports, analyst coverage, investor presentations, share price and dividend information (https://www.agthia.com/investors/)

•Our mobile application "Agthia IR" is available for download on the Apple App Store and Google Play Store

Shareholders and investors can utilise the following channels to reach Agthia's investors' relations team:

Phone: +971 2 596 0672

Email: ir@agthia.com

Resolutions passed in General Assembly

Two General Assembly Meetings were held in 2023.

The following resolutions were passed, following which all the resolutions were implemented.
Annual General Assembly held on 17 April 2023:

- Approval for the Board's Report about the Company's activities and financial position for the financial year ending on 31/12/2022.
- Approval of Board of Director's report
- Approval of auditor's report
- Approval of Company's management discussion and analysis and Corporate Governance Report for the financial year ended on 31/12/2023.
- Approval of the Board of Directors' proposal for a cash dividend of 8.25% of the share capital of the company, equivalent to AED 0.825 per share, in line with the Group's semi-annual dividend policy. Total dividends distributed for the year amounted to AED 65.305 million, a 9.9% increase relative to the AED 118.8 million distributed in 2020.
- Discharged the directors from the liability for the year ended 31/12/2022.
- Appointed "Deloitte" as the auditors for the financial year ended 31/12/2023 with a remuneration of AED 2,408,400

- Approved the issuance of Special Resolution regarding the increase in the number of the board members from 7 to 9 and amend item (18-1) of the articles of the association of the company to increase the members of the board.
- Appointment of new board members

General Assembly Meeting held on 12th September 2023:

The general assembly passed the following resolutions:

- Approval for the distribution of interim dividends of AED 0.0825 per share-with a total amount of AED 65.305 million.

Agthia in News:

Agthia Group Advances Sustainability Commitment with Two Solar Energy Projects

Agthia Group PJSC, one of the region's leading food and beverage companies, announced on 27th November 2023, a significant step towards reducing its carbon footprint. The Group's solar energy initiative will involve the establishment of solar power plants at the production facilities of Al Ain Water and Al Foah, two of its key subsidiaries. The formalization of this green alliance with Yellow Door Energy, a renowned solar developer headquartered in the UAE, occurs through the execution of Letter of Award and subsequent signing of a solar lease agreement, which evidences Agthia's dedication to sustainability. The initiative is expected to offset almost 20% of the energy consumptions for the factories each year, contributing to both sustainability gains and cost efficiencies. Over the next 25 years, the project will reduce CO_2 emissions by 124,000 tonnes through guaranteed generation of 287,000 MWh of clean energy. This has an environmental impact of recycling 5.4 million single-use plastic bags, planting 2.1 million trees over a decade, and eliminating the use of 53 million Liters of gasoline. The two solar PV power plants, established through the agreement, have capacities of around 5MWp at the two factories. Agthia is set to integrate renewable energy into its manufacturing processes through a long-term lease arrangement with Yellow Door Energy.

Agthia and Brazilian Ministerial Delegation Discuss Bilateral Collaborations

Brazil's Minister of Agriculture, Livestock and Food Supply, H.E. Carlos Fávaro, who is on a state visit to the UAE, visited the Abu Dhabi headquarters of Agthia, the parent company of Al Foah – the world's largest exporter of dates, accompanied by H.E. Ambassador Eliana Zugaib, Chargé d'affaires at The Embassy of Brazil in Abu Dhabi.

During the meeting with Agthia and Al Foah's leadership, the delegation interacted with Mubarak Al Mansoori, President – Snacking & Government Relations, and discussed ways to expand collaboration, commercial ties, and trade, as well as Al Foah's pivotal role in promoting dates and their ingredients as a superfood in the region. The populous nation is the world's fifth-largest country and home to more than 200 million people. It is also a key market in Al Foah's new market entry strategy,

Agthia Group Launches USD 54 Million Corporate Venture Capital Fund

Agthia Group PJSC, a diversified food and beverage company, today announced the launch of Agthia Ventures, a corporate venture capital fund ("CVC") designed to expand Agthia's innovation capabilities and create mutual value with startups as the company continues to drive profitable growth in both new and existing markets. Funded by Agthia and its parent company ADQ, an Abu Dhabi-based investment and holding company, Agthia Ventures will be managed together with Touchdown Ventures, a global leader in establishing and operating bespoke CVC programs for blue-chip corporates, with over 100 completed venture investments to date. Agthia Ventures will build on Agthia's four decades of experience, creating a program to help the best and brightest entrepreneurs in food and related industries scale their operations and accelerate their product development and market adoption, through access to Agthia's extensive industry knowledge, diverse distribution networks, technological infrastructure, research, development and marketing capabilities, and established customer relationships. Utilizing Touchdown's extensive network of startups, venture capital relationships, incubators, and accelerators, Agthia Ventures is well-placed to identify attractive early-stage, seed, and growth investment opportunities, within relevant and target geographies.

Al Ain Water Launches UAE's First Locally Produced 100% rPET Bottle

Al Ain Water, the UAE's leading water brand announced today, at Gulfood, the launch of its new water bottle, which is made of recycled polyethylene terephthalate (rPET). This new 100% rPET bottle is the first to be locally produced by a UAE brand.

PET is a highly recyclable plastic material, and when recycled it becomes rPET, a strong, durable and infinitely recyclable material that is commonly used for packaged foods and drinks. Once reprocessed, rPET can be used to make new plastic bottles or other items. It supports the recycling industry, saves energy, resources, and diverts these plastics from landfills. According to Global Standards, rPET generates 75% less of CO_2 emissions and requires less energy compared to virgin material production and has a better overall ecological balance than glass and single-use aluminium cans.

Sl No	Name	Designation	Date	Signature
1	**Khalifa Sultan Al Suwaidi**	Board Chairman	March 18, 2024	
2	**Khamis Mohamed Buharoon Al Shamsi**	Audit Committee Chairman	March 18, 2024	
3	**Sharmila Murat**	Nomination and Remuneration Committee Chairman	March 18, 2024	
4	**Gil Adotevi**	Strategy, Investment and Innovation Committee Chairman	March 18, 2024	
5	**Alok Tuteja**	Senior Director-Governance, Risk and Compliance	March 18, 2024	

AGTHIA GROUP PJSC

Report and consolidated financial statements for the year ended 31 December 2023

AGTHIA GROUP PJSC

Report and consolidated financial statements
for the year ended 31 December 2023

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF AGTHIA GROUP PJSC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards) (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the applicable requirements of Abu Dhabi Accountability Authority ("ADAA") Chairman Resolution No. 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities. 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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF AGTHIA GROUP PJSC (continued)

Key Audit Matters (continued)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Carrying value of goodwill
Refer to note 3 and note 8 of the consolidated financial statements.</td></tr>
<tr><td>As of 31 December 2023, the carrying value of goodwill amounted to AED 1,859 million, or 28% of total assets, as disclosed in Note 8.

In accordance with IAS 36 Impairment of Assets, an entity is required to test goodwill acquired in a business combination for impairment at least annually irrespective of whether there is any indication of impairment.

Goodwill is monitored by management at the level of cash-generating units ("CGUs"). Management carried out an impairment exercise as at 31 December 2023 in respect of goodwill allocated to each CGU by determining a recoverable amount based on value-in-use derived from a discounted cash flow model, which was based on the most recent formal business plan prepared by the Group's management.

An impairment is recognized on the consolidated statement of financial position when the recoverable amount is less than the net carrying amount in accordance with IAS 36, as described in Note 3 to the consolidated financial statements. The determination of the recoverable amount is mainly based on discounted future cash flows.

We considered the impairment of goodwill to be a key audit matter, given the method for determining the recoverable amount and the significance of the account in the Group's consolidated financial statements. In addition, the recoverable amounts are based on the use of significant assumptions, estimates or assessments made by management, in particular future cash flow projections, the estimate of the discount rates and long-term growth rates.</td><td>We have familiarized ourselves with the process implemented by the Group to determine the recoverable amounts of goodwill allocated to Cash-Generating Units (CGU). Our work consisted of:

(i) evaluating the controls over the Group's testing of goodwill for impairment to determine if they had been appropriately designed and implemented;
(ii) assessing the principles and methods used for determining the recoverable amounts of the CGU to which the goodwill is allocated and assessing that the methods used are in accordance with the requirements of IAS 36;
(iii) reconciling the net carrying amount of the goodwill allocated to the CGU tested with the Group's accounting records;
(iv) engaging our valuation specialists to review management's discounted cash flow models and to assess the discount and growth rates applied by benchmarking against independent data;
(v) substantiating the results of sensitivity analyses carried out by management by comparing them to those realized by us;
(vi) verifying the arithmetical accuracy of the valuations used by the Group.

We have also assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRSs.</td></tr>
</table>

Other Information

The Board of Directors' and Management are responsible for the other information. The other information comprises the Annual Report 2023 and Management Discussion and Analysis, which will be made available to us after the auditor's report date. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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 will read the Annual Report 2023, if we conclude that there is a material misstatement therein, we will be required to communicate the matter to those charged with governance and consider whether a reportable irregularity exists in terms of the auditing standards, which must be reported.

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 IFRSs and the applicable provisions of the articles of association of the Company and the UAE Federal Decree Law No. (32) of 2021, and for such internal control as management determine 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 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 ISAs and the applicable requirements of ADAA Chairman's Resolution No. 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

As part of an audit in accordance with ISAs and the applicable requirements of ADAA Chairman's Resolution No. 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities, we exercise professional judgment and maintain professional skepticism 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure 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.

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

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 and regulations preclude 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.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF AGTHIA GROUP PJSC (continued)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the UAE Decree Federal Law No. (32) of 2021, we report for the year ended 31 December 2023 that:

- we have obtained all the information we considered necessary for the purposes of our audit;
- the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021;
- the Group has maintained proper books of account;
- Note 1 and 7 to the consolidated financial statements disclose the shares purchased by the Group during the financial year ended 31 December 2023;
- note 1 to the consolidated financial statements of the Group discloses social contributions made during the financial year ended 31 December 2023;
- note 12 to the consolidated financial statements discloses the material related party transactions, balances, and the terms under which they were conducted; and
- based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2023 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or of its Articles of Association which would materially affect its activities or its consolidated financial position as at 31 December 2023.

Pursuant to the requirements of Article 5 of Abu Dhabi Accountability Authority ("ADAA") Chairman Resolution No. 88 of 2021 regarding the examination of internal financial controls over financial reporting, we have been engaged to perform assurance engagement to provide a reasonable assurance report on the effectiveness of internal financial controls over financial reporting for Agthia Group PJSC, excluding a subsidiary, but not on the consolidated financial statements of the Group.

Further, as required by the ADAA Chairman Resolution No. 88 of 2021 regarding financial statements Audit Standards for the Subject Entities, except for above, we report, in connection with our audit of the financial statements for the year ended 31 December 2023, that nothing has come to our attention that causes us to believe that the Group has not complied, in all material respects, with any of the provisions of the following laws, regulations and circulars as applicable, which would materially affect its activities or the consolidated financial statements as at 31 December 2023:

(i) its Article of Association; and
(ii) relevant provisions of the applicable laws, resolutions and circulars that have an impact on the Subject Entity's Consolidated financial statements.

Deloitte & Touche (M.E.)

Mohammad Khamees Al Tah
Registration No. 717
5 March 2024
Abu Dhabi
United Arab Emirates

Consolidated statement of financial position
as at 31 December 2023

	Notes	2023 AED'000	2022 AED'000
ASSETS			
Non-current assets			
Right-of-use assets	5	**108,133**	87,323
Property, plant and equipment	6	**1,460,821**	1,446,027
Investment in associates and a joint venture	7	**19,905**	16,976
Goodwill	8	**1,858,593**	1,858,593
Intangible assets	9	**549,513**	563,292
Derivative financial instruments	14	**-**	222
Total non-current assets		**3,996,965**	3,972,433
Current assets			
Inventories	10	**926,834**	847,275
Trade and other receivables	11	**1,071,413**	931,900
Due from related parties	12	**15,142**	14,694
Cash and bank balances	13	**629,958**	1,042,502
Total current assets		**2,643,347**	2,836,371
Total assets		**6,640,312**	6,808,804

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of financial position
as at 31 December 2023 (continued)

	Notes	2023 AED'000	2022 AED'000
EQUITY AND LIABILITIES			
Equity			
Share capital	21	791,577	791,577
Share premium	21	652,097	652,097
Legal reserve	22	278,043	251,942
Translation reserve		(186,549)	(150,531)
Other reserve		-	222
Retained earnings		1,374,609	1,267,967
Equity attributable to the owners of the Company		2,909,777	2,813,274
Non-controlling interests	35	283,770	272,619
Total equity		3,193,547	3,085,893
Non-current liabilities			
Provision for employees' end of service benefits	15	111,243	115,943
Bank borrowings	16	1,229,603	1,710,816
Lease liabilities	17	75,126	55,551
Deferred government grant	18	13,435	23,615
Derivative financial instruments	14	2,128	-
Deferred tax liabilities	20	42,641	-
Total non-current liabilities		1,474,176	1,905,925
Current liabilities			
Bank borrowings	16	320,496	675,651
Lease liabilities	17	33,326	30,394
Deferred government grant	18	11,878	9,362
Trade and other payables	19	1,606,889	990,121
Contingent consideration	38	-	111,458
Total current liabilities		1,972,589	1,816,986
Total liabilities		3,446,765	3,722,911
Total equity and liabilities		6,640,312	6,808,804

To the best of our knowledge, the consolidated financial statements present fairly in all material respects the financial condition, financial performance and cash flows of the Group as of, and for, the years presented therein.

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 5 March 2024 and signed on its behalf:

Khalifa Sultan Al Suwaidi
Chairman

Alan Smith
Chief Executive Officer

Sherif Elfaham
Chief Financial Officer

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss
for the year ended 31 December 2023

	Notes	2023 AED'000	2022 AED'000
Revenue	24	**4,561,210**	4,067,394
Cost of sales	25	**(3,200,212)**	(2,909,812)
Gross profit		**1,360,998**	1,157,582
Selling and distribution expenses	26	**(577,499)**	(507,956)
General and administrative expenses	27	**(352,081)**	(345,825)
Research and development costs	28	**(8,070)**	(9,298)
Other income	29	**43,401**	52,229
Operating profit		**466,749**	346,732
Finance income	30	**25,649**	27,419
Finance expense	31	**(112,883)**	(75,897)
Share of profit of associates and a joint venture, net	7	**2,671**	3,071
Profit before tax and zakat		**382,186**	301,325
Income tax and zakat expenses	32	**(82,610)**	(28,742)
Profit for the year		**299,576**	272,583
Attributable to:			
Owners of the Company		**261,008**	246,785
Non-controlling interests	35	**38,568**	25,798
		299,576	272,583
Basic and diluted earnings per share (AED)	33	**0.330**	0.312

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
for the year ended 31 December 2023

	2023 **AED'000**	2022 AED'000
Profit for the year	**299,576**	272,583
Other comprehensive loss:		
Item that may be subsequently reclassified to profit or loss		
Foreign currency translation difference on foreign operations	**(46,308)**	(92,845)
Cash flow hedges – effective portion of changes in fair value	**(222)**	222
Item that will not be subsequently reclassified to profit or loss		
Re-measurement of employees' end of service benefits	**2,031**	10,018
Other comprehensive loss	**(44,499)**	(82,605)
Total comprehensive income for the year	**255,077**	189,978
Attributable to:		
Owners of the Company	**227,113**	183,991
Non-controlling interests	**27,964**	5,987
	255,077	189,978

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
for the year ended 31 December 2023

	Share capital AED'000	Share premium AED'000	Legal reserve AED'000	Translation reserve AED'000	Other reserve AED'000	Retained earnings AED'000	Attributable to the owners of the Company AED'000	Non-controlling interests AED'000	Total AED'000
Balance at 1 January 2022	791,577	652,097	227,263	(77,742)	-	1,166,698	2,759,893	209,504	2,969,397
Profit for the year	-	-	-	-	-	246,785	246,785	25,798	272,583
Other comprehensive (loss)/ income:									
Foreign currency translation difference on foreign operations	-	-	-	(72,789)	-	-	(72,789)	(20,056)	(92,845)
Re-measurement of employees' end of service benefits	-	-	-	-	-	9,773	9,773	245	10,018
Cash flow hedges – effective portion of changes in fair value	-	-	-	-	222	-	222	-	222
Total comprehensive (loss)/ income for the year	-	-	-	(72,789)	222	256,558	183,991	5,987	189,978
Dividends (note 23)	-	-	-	-	-	(130,610)	(130,610)	-	(130,610)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(3,382)	(3,382)
Non-controlling interests arising on business combinations	-	-	-	-	-	-	-	60,510	60,510
Transfer to legal reserve	-	-	24,679	-	-	(24,679)	-	-	-
Balance at 31 December 2022	791,577	652,097	251,942	(150,531)	222	1,267,967	2,813,274	272,619	3,085,893

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
for the year ended 31 December 2023 (continued)

	Share capital AED'000	Share premium AED'000	Legal reserve AED'000	Translation reserve AED'000	Other reserve AED'000	Retained earnings AED'000	Attributable to the owners of the Company AED'000	Non-controlling interests AED'000	Total AED'000
Balance at 1 January 2023	791,577	652,097	251,942	(150,531)	222	1,267,967	2,813,274	272,619	3,085,893
Profit for the year	-	-	-	-	-	261,008	261,008	38,568	299,576
Other comprehensive (loss)/ income:									
Foreign currency translation difference on foreign operations	-	-	-	(36,018)	-	-	(36,018)	(10,290)	(46,308)
Re-measurement of employees' end of service benefits	-	-	-	-	-	2,345	2,345	(314)	2,031
Transfer of cash flow hedge to profit and loss	-	-	-	-	(222)	-	(222)	-	(222)
Total comprehensive (loss)/ income for the year	-	-	-	(36,018)	(222)	263,353	227,113	27,964	255,077
Dividends (note 23)	-	-	-	-	-	(130,610)	(130,610)	-	(130,610)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(16,917)	(16,917)
Non-controlling interests arising on business combinations	-	-	-	-	-	-	-	104	104
Transfer to legal reserve	-	-	26,101	-	-	(26,101)	-	-	-
Balance at 31 December 2023	**791,577**	**652,097**	**278,043**	**(186,549)**	**-**	**1,374,609**	**2,909,777**	**283,770**	**3,193,547**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
for the year ended 31 December 2023

	Notes	2023 AED'000	2022 AED'000
Cash flows from operating activities			
Profit before tax and zakat expenses		**382,186**	301,325
Adjustments for:			
Depreciation of property, plant and equipment	**6**	**171,072**	164,795
Amortisation of right-of-use assets	**5**	**44,339**	41,395
Amortisation of intangible assets	**9**	**13,174**	25,193
Interest income	**30**	**(25,649)**	(27,419)
Interest expense	**31**	**109,374**	72,013
Provision for employees' end of service benefits	**15**	**10,473**	17,177
Allowance for impairment losses of trade receivables, net	**11**	**12,245**	6,397
Loss / (gain) on sale of property, plant and equipment	**29**	**1,495**	(2,023)
Movement in allowance for slow moving inventory, net	**10**	**4,006**	5,798
Interest expense on lease liabilities	**17**	**6,701**	6,011
Net loss of derivative instruments		**2,128**	-
Gain on sale of a joint venture	**7**	**-**	(2,443)
Fair value of contingent liability		**(18,428)**	-
Share of profit of associates and a joint venture	**7**	**(2,671)**	(3,071)
		710,445	605,148
Movements in working capital:			
Inventories		**(83,565)**	(122,760)
Trade and other receivables		**(151,758)**	(58,309)
Due from related parties		**(448)**	84
Other provisions		**(73,166)**	(18,832)
Deferred government grant		**(7,664)**	(7,208)
Trade and other payables		**602,812**	(60,251)
Cash generated from operations		**996,656**	337,872
Payment of employees' end of service benefits	**15**	**(13,170)**	(14,810)
Income tax and zakat paid		**(18,625)**	(26,364)
Net cash generated from operating activities		**964,861**	296,698
Cash flows from investing activities			
Payment for purchase of property, plant and equipment		**(164,973)**	(117,333)
Investment in fixed deposits, net		**424,131**	124,849
Investment in subsidiaries, net of cash acquired		**-**	(327,341)
Investment in an associate and joint venture		**(4,194)**	-
Acquisition of non-controlling interests		**104**	-
Interest received		**34,962**	23,035
Proceeds from sale of property, plant and equipment		**2,318**	4,835
Dividends received	**7**	**3,936**	7,375
Payment of contingent liabilities		**(89,789)**	(17,025)
Proceeds from sale of joint venture		**-**	5,414
Net cash generated from/ (used in) investing activities		**206,495**	(296,191)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
for the year ended 31 December 2023 (continued)

	Notes	2023 AED'000	2022 AED'000
Cash flows from financing activities			
Dividends paid to shareholders	23	(130,610)	(130,610)
Dividends paid to non-controlling interests		(16,917)	(3,382)
Proceeds from long term borrowings		47,855	275,475
Repayments of long term borrowings		(529,068)	(206,838)
Movement in short term borrowings, net		(310,155)	185,341
Repayments of principal amount of lease liabilities	17	(55,100)	(60,122)
Interest paid		(109,506)	(51,175)
Net cash (used in)/generated from financing activities		(1,103,501)	8,689
Net increase in cash and cash equivalents		67,855	9,196
Effect of foreign exchange rate changes		(11,268)	(15,938)
Cash and cash equivalents as at 1 January	13	221,121	227,863
Cash and cash equivalents as at 31 December	13	277,708	221,121
Non-cash transactions			
Purchase of property, plant and equipment		53,356	19,268

Notes to the consolidated financial statements
for the year ended 31 December 2023

1 General information

Agthia Group PJSC ("the Company") was incorporated as a Public Joint Stock Company pursuant to the Ministerial Resolution No. 324 for 2004 in the Emirate of Abu Dhabi. General Holding Corporation PJSC (SENAAT) owns 62.9% of the Company's shares. Pursuant to Law No (02) of 2018 and Executive Council Resolution No. (33) of 2020, SENAAT became wholly owned by Abu Dhabi Development Holding Company "Public Joint Stock Company" (ADQ) which is wholly owned by the Government of Abu Dhabi.

Principal activities of the Company and its subsidiaries (together referred to as the "Group") are to establish, invest, trade and operate companies and businesses that are involved in the food and beverage sector.

The registered office of the Company is at Al Reem Island, Sky Towers, 17th Floor, P.O. Box 37725, Abu Dhabi, United Arab Emirates.

The Group made social contributions amounting to AED 659 thousand during the year ended 31 December 2023 (2022: AED 654 thousand).

Principal activities, country of incorporation and operation, and ownership interest of the Company in its sizable subsidiaries are set out below:

Name of the subsidiary	Place of incorporation and operation	Legal ownership interest %		Beneficial ownership interest (%)		Principal activities
		2023	2022	**2023**	2022	
Grand Mills Company PJSC (Agri business division)	UAE	**100**	100	**100**	100	Production and sale of flour and animal feed.
Al Ain Food and Beverages PJSC (Al Ain Water)	UAE	**100**	100	**100**	100	Production and sale of bottled water, flavored water, juices, yogurt, tomato paste, frozen vegetables, frozen baked products and trading products.
Agthia Group Egypt LLC (Agthia Egypt)	Egypt	**100**	100	**100**	100	Processing and sale of tomato paste, chilli paste, fruit concentrate and frozen vegetables.
Al Bayan Purification and Potable Water LLC (Al Bayan)	UAE	**100**	100	**100**	100	Production, bottling and sale of bottled water.
Delta Alagthia for Manufacturing Company Limited (Delta)	KSA	**100**	100	**100**	100	Production, bottling and sale of bottled water.
Al Rammah National for General Trading and Contracting Company WLL (Al Rammah)	Kuwait	**50**	50	**50**	50	Production, bottling and sale of bottled water.
Al Foah Company LLC (Foah)	UAE	**100**	100	**100**	100	Sourcing, processing and trading of dates related products
Al Faysal Bakery and Sweets Company WLL (Al Faysal)	Kuwait	**100**	100	**100**	100	Manufacturing and trading in bakery and foodstuff
Al Nabil Food Industries LLC (Al Nabil)	Jordan	**50**	80	**80**	80	Manufacturing and trading in processed protein food products

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

1 General information (continued)

Name of the subsidiary	Place of incorporation and operation	Legal ownership interest (%) 2023	Legal ownership interest (%) 2022	Beneficial ownership interest (%) 2023	Beneficial ownership interest (%) 2022	Principal activities
Ismailia Agricultural and Industrial Investment (Furat) (Atyab)	Egypt	**75.02**	75.02	**75.02**	75.02	Manufacturing and trading in processed protein food products
Mediterranean Confectionery Company Limited (BMB) *	KSA	**100**	100	**80**	80	Trading of foodstuff and bakery products.
Baklawa Made Better Investments LLC (BMB) *	UAE	**100**	100	**80**	80	Manufacturing and trading of sweets and snacking items.
A.U.F. Egypt for Manufacturing and Distribution of Nuts S.A.E. (Abu Auf)	Egypt	**60**	60	**60**	60	Manufacturing and trading of healthy snacks, nuts and coffee.

* Represents the Group beneficial ownership after excluding the economic interest of the management party. Agthia Group legally owns 100% of these companies issued share capital.

2 Application of new and revised International Financial Reporting Standards (IFRS)

2.1 New and revised IFRSs applied with no material effect on the consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	The Group has adopted IFRS 17 and the related amendments for the first time in the current year. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees. The Group does not have any contracts that meet the definition of an insurance contract under IFRS 17.

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.1 New and revised IFRSs applied with no material effect on the consolidated financial statements (continued)

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies

The Group has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Amendments to IAS 12 Income Taxes— Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The Group has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.1 New and revised IFRSs applied with no material effect on the consolidated financial statements (continued)

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction - continued	Following the amendments, the Group is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes. The Group has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year. The Annual Improvements include amendments to four standards.
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates	The Group has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

2.2 New and amended IFRSs in issue but not yet effective and not early adopted

The Group has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	**Effective for annual periods beginning on or after**
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date not yet decided

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the parent company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current	1 January 2024

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early.

The directors of the Group anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods.

Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants	1 January 2024

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

The directors of the Group anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants	1 January 2024

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

The directors of the Group anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	**Effective for annual periods beginning on or after**
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements	1 January 2024

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	**Effective for annual periods beginning on or after**
Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback	1 January 2024

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

Lack of exchangeability - Amendments to IAS 21	1 January 2025

In August 2023, the Board issued Lack of Exchangeability (Amendments to IAS 21). The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

On 26 June 2023, the International Sustainability Standards Board (ISSB) published first two IFRS Sustainability Disclosure Standards at the IFRS Foundation Conference 2023:

- **IFRS S1** *General Requirements for Disclosure of Sustainability-related Financial Information* - IFRS S1 sets out overall requirements with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to the primary users of general purpose financial reports in making decisions relating to providing resources to the entity.
- **IFRS S2** *Climate-related Disclosures* - IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

Subject to adoption by the local jurisdiction, both Standards are effective for annual periods beginning on or after 1 January 2024, with substantial transitional reliefs to allow preparers more time to align reporting of sustainability related financial disclosures and financial statements.

Management anticipates that these new standards, interpretations, and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards and amendments may have no material impact on the consolidated financial statements of the Group in the period of initial application.

3 Material accounting policies information

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) (IFRS) and comply with the Articles of Association of the Company, as amended, and wherever applicable, with the UAE Decree Federal Law No. (32) of 2021.

Basis of preparation

These consolidated financial statements are presented in UAE Dirhams (AED), rounded to the nearest thousands, which is the functional currency of the Group.

These consolidated financial statements have been prepared on the historical cost basis, unless otherwise stated.

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

IFRS 10 governs the basis for consolidation where it establishes a single control model that applies to all entities including special purpose entities or structured entities.

The definition of control under IFRS 10 is that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all the following three criteria must be met, including:

(a) the investor has power over an investee;
(b) the investor has exposure to, or rights, to variable returns from its involvement with the investee; and
(c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

Subsidiaries

Subsidiaries are investees that are controlled by the Group. The Group controls the investee if it meets the control criteria. The Group reassesses whether it has control if, there are changes to one or more of the elements of control. This includes circumstances in which protective rights held become substantive and lead to the Group having power over an investee. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases.

3 Material accounting policies information (continued)

Basis of consolidation (continued)

Non-controlling interests (NCI)

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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

Business combination

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange, together with the fair value of any contingent consideration payable.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. Gains or losses on disposals of non-controlling interests are also recorded in the consolidated statement of changes in equity.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's executive management.

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 executive management to make decisions about resources to be allocated to the segment and assess its performance, and for which financial information is available (note 37).

3 Material accounting policies information (continued)

Foreign currency

(a) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss within "finance expense".

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of profit or loss within "finance expense".

(b) Group companies

The results and financial position of all the Group subsidiaries (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the Group's functional and presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the date of the consolidated statement of financial position;
(ii) income and expenses for each statement of profit or loss are translated at the rate prevailing on the date of the transaction; and
(iii) all resulting exchange differences are recognised in the consolidated statement of other comprehensive income.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition or construction of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

Freehold land is not depreciated though it is subject to impairment testing. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	20-40 years
Plant and equipment	2-20 years
Motor vehicles	4-8 years
Software	4-8 years
Furniture and fixtures	4-8 years

3 Material accounting policies information (continued)

Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see note 3 "impairment of non-financial assets"). Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other income' in the consolidated statement of profit or loss.

Capital work in progress

The Group capitalises all costs relating to the construction of property, plant and equipment as capital work in progress, up to the date of completion and commissioning of the assets.

These costs are then transferred from capital work in progress to the appropriate asset class upon completion and commissioning and are depreciated over their useful economic lives from the date of such completion and commissioning.

Goodwill and Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Calculations are performed based on the expected cash flows of the relevant cash generating units and discounting them at an appropriate discount rate, the determination of which requires the exercise of judgement.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments.

Acquired intangible assets

Intangible assets acquired separately are measured initially at fair value which reflects market expectations of the probability that future economic benefits embodied in the asset will flow to the Group.

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Based on an analysis of all the relevant factors for premium brand names, there is no foreseeable limit to the period over which it is expected to generate net cash inflows for the Group and is therefore considered to have an indefinite useful life. Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level.

The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognised. Useful lives of intangible assets are stated below.

Brand names	25 years - Indefinite useful life
Customer relationships	10-12 years

3 Material accounting policies information (continued)

Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets– are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average method. Cost of inventories includes expenditures incurred in acquiring the inventories, production or conversion cost and other costs incurred in bringing them to their existing location and condition. In case of manufactured inventories cost includes an appropriate share of production overheads based on normal operating capacity. It excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Cash and bank balances

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand, cash at banks, and deposits held at call with banks with original maturities of not more than three months adjusted for bank overdrafts and restricted cash.

In the consolidated statement of financial position, cash and bank balances include cash on hand, cash at banks, deposits held at call with banks, and restricted cash.

Bank overdrafts are shown within current bank borrowings.

Share capital and share premium

Ordinary shares are classified as equity. Share premium related to ordinary shares is classified as equity.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is recognised in the consolidated statement of profit or loss over the period of loan.

3 Material accounting policies information (continued)

Employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Bonus and long-term incentive plans

The Group recognises the liability for bonuses and long-term incentives in the consolidated statement of profit and loss on an accrued basis. The benefits for the management are subject to board’s approval and are linked to business performance.

Defined contribution plan

Monthly pension contributions are made in respect of UAE national employees, who are covered by the Law No. 2 of 2000. The pension fund is administered by the Government of Abu Dhabi, Department of Finance, represented by the Abu Dhabi Retirement Pensions and Benefits Fund. Pension is accounted for in accordance with the local and regulatory requirements for non-UAE GCC national employees.

Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group currently operates an unfunded scheme for defined benefits in accordance with the applicable provisions of the UAE Federal Labour Law and is based on periods of cumulative service and levels of employees' final basic salaries. The Group's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods discounted to determine its present value. Any unrecognised past service costs are deducted. The discount rate is the yield at the valuation date on US AA-rated corporate bonds, which in the absence of a deep market in corporate bonds within the UAE is the relevant proxy market as determined by the Group.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When benefits of the plan are improved, the portion of the increased benefit related to past service by employees is recognised in the profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the consolidated statement of profit or loss. The Group recognises all actuarial gains and losses arising from defined benefit plans in the consolidated statement of other comprehensive income and all expenses related to defined benefit plans within the consolidated statement of the profit or loss.

Provisions

Provisions for claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required and settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

3 Material accounting policies information (continued)

Finance income and finance expenses

Finance income comprises interest income on call deposits and gains on derivative financial instruments. Interest income is recognised as it accrues, using the effective interest method.

Finance expense comprises interest expenses on borrowings, interest expenses on lease liabilities, and foreign exchange results. All borrowing costs are recognised in the consolidated statement of profit or loss using the effective interest method.

Dividends

Dividends are recognised as a liability in the Group's consolidated financial statements in the period in which the dividend is approved by the Group's shareholders.

Zakat and foreign income tax

The Group's operations in the Kingdom of Saudi Arabia is subject to Zakat. Zakat is provided for in accordance with General Authority of Zakat and Tax ("GAZT") regulations.

Income tax for overseas subsidiaries operating within taxable jurisdiction is provided for in accordance with the relevant income tax regulations of the countries of incorporation. Adjustments arising from final Zakat and Foreign 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 Group operates and generates 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.

Deferred tax assets / liabilities

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position 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. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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 way the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3 Material accounting policies information (continued)

Earnings per share

The Group presents earnings per share data for its shares. Earnings per share is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the year.

Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with customers and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Sale of goods

The Group's contracts with customers for the sale of goods generally include one performance obligation. The Group accounts for that revenue at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Some contracts for the sale of goods provide customers with several considerations including a right of return and volume rebates. Rights of return and volume rebates give rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved.

Right of return

When a contract provides a customer with a right to return the goods within a specified period, the consideration received from the customer is variable because the contract allows the customer to return the products, if any. The Group uses the expected value method to estimate the goods that will be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The Group applies the requirements in IFRS 15 on constraining estimates of variable consideration to determine the amount of variable consideration that can be included in the transaction price.

Volume rebates

The Group provides retrospective volume rebates to selected customers and products as per the terms specified in the contract. Rebates are offset against amounts payable by the customer on subsequent purchases. Retrospective volume rebates give rise to variable consideration. To estimate the variable consideration to which it will be entitled, the Group applied the method to each customer as per the agreed upon rebate scheme that best predicts the amount of variable consideration. The Group then applies the requirements on constraining estimates of variable consideration. Accordingly, the Group recognised contract liabilities for the expected future rebates.

Considerations paid or payable to customers

The Group pays exclusivity fees, display fees, remodeling fees, opening fees, and listing and other fees to certain customers for the provision of various services. The Group assesses whether these services are distinct when compared to the goods sold to the customers. The distinct or non-distinct services are then recognised as selling and distribution expenses or netted against revenue, respectively.

3 Material accounting policies information (continued)

Leases

The Group as lessee

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revise discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the period presented.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the consolidated statement of financial position.

3 Material accounting policies information (continued)

Leases (continued)

The Group as lessee (continued)

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property, plant and equipment' policy.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Financial instruments

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL). Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in the consolidated profit or loss.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and measurement - 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.

Classification and measurement - Financial assets

Financial assets at FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in consolidated statement of profit or loss.

3 Material accounting policies information (continued)

Financial instruments (continued)

Impairment

Loss allowance for financial investments measured at amortised costs are deducted from gross carrying amount of assets.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue costs or effort. This includes both quantitative and qualitative information and analysis, based on Group's historical experience and informed credit assessment and including forward-looking information. Forward-looking information considered includes the future prospects of the industries in which the Group's receivables operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default;
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

3 Material accounting policies information (continued)

Financial instruments (continued)

Impairment (continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due. For certain categories of financial assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio as well as observable changes in national or local economic conditions that correlate with default on receivables.

Measurement of ECL

The Group employs statistical models for ECL calculations for its trade and other receivables, due from related parties and cash and bank balances. ECLs are a probability-weighted estimate of credit losses. The parameters used in calculation are derived from the Group's internally developed statistical models and other historical data and adjusted to reflect forward-looking information. The Group assess impairment loss on its trade and other receivables portfolio using an expected loss measurement basis using the simplified approach.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade payables and accruals and lease liabilities, classified as 'financial liabilities', are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis, except for short term liabilities when the recognition of interest is immaterial.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

3 Material accounting policies information (continued)

Financial instruments (continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in consolidated statement of profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non current asset or a non current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in consolidated statement of other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in consolidated statement of profit or loss, and is included in the 'other income' line item.

Amounts previously recognised in consolidated statement of other comprehensive income and accumulated in equity are reclassified to consolidated statement of profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non financial asset or a non financial liability, the gains and losses previously recognised in consolidated statement of other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non financial asset or non financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to consolidated statement of profit or loss.

3 Material accounting policies information (continued)

Financial instruments (continued)

Hedge accounting (continued)

Cash flow hedges(continued)

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognized in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to consolidated statement of profit or loss.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate or a joint venture is recognised initially 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 or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), 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 or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, 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 the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3 Material accounting policies information (continued)

Investments in associates and joint ventures (continued)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

Government grants

Grants from Abu Dhabi Government are provided to the Group to finance some of the operational and capital expenditures of the Group and are recognised at their nominal value where there is reasonable assurance that grants will be received. The nominal value is deemed to be the cost to the donor. There are no explicit conditions attached to the government grants received except that these should be utilised by the Group for the purpose these are provided for.

Any surplus of government grants which is not utilised in the year it is received by the Group, is deferred to the subsequent period. This deferred government grant is included in non-current and current liabilities. Any excess expenditure over government grants received is recorded as balance receivable from government in the consolidated statement of financial position.

Grants related to assets

Non-monetary government grants related to assets are recognised at the carrying amount of the assets and presented as deferred government grant in the consolidated statement of financial position. The grant is amortised over the life of the depreciable assets and is offset with the relevant depreciation expense of the assets.

Grants related to operations

Other government grants, which relate to operational expenditures, are recognised in consolidated statement of profit or loss over the periods necessary to match them with the costs that they are intended to compensate, on a systematic basis. Grants related to income are shown net of the related expenses when reporting these in profit or loss.

4 Accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the Group's accounting policies (see note 3); management has made the following judgements and estimates which have a significant effect on the amounts of the Group assets and liabilities recognised in these consolidated financial statements.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer channels that have similar loss patterns (i.e. customer type and rating, and coverage by letters of guarantees).

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is within these consolidated financial statements (see note 3, note 11 and note 36 "Financial Instruments")

Useful lives of property, plant and equipment

Management assigns useful lives and residual values to items of property, plant and equipment based on the intended use of the assets and the expected economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from the initial estimates.

Useful lives of intangible assets

During the period, the Company reassessed the useful lives of its sizable intangible assets which resulted in a change for key brand name useful lives from finite to indefinite effective 1 January 2023.

Useful life of those brand names is estimated based on the period over which these brand names are expected to generate the cash inflows to the Group. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar internal assets. The useful life of each asset is reviewed annually and updated if expectations differ from previous estimates due to technical or commercial obsolescence and legal or other limits on the use of the intangible asset.

Allowance for slow moving and obsolete inventories

Management assesses loss (if any) on items of inventory on account of slow moving and obsolescence on a regular basis. In determining whether provision for obsolescence should be recorded in profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is a future consumption of the item. Based on the factors, management has identified inventory items as slow moving and obsolete to calculate the allowance for slow moving and obsolete inventories.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

4 Accounting estimates and judgements (continued)

Impairment of non-current assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill, property, plant and equipment, right of use assets and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained within these consolidated financial statements (notes 8 and 9).

Determination of acquisition date in a business combination

One of the critical steps in a business combination is to identify the acquisition date. As per IFRS 3 "Business Combinations", the acquisition date is defined as the date on which the acquirer obtains control of the acquiree. The acquisition date is critical because it determines when the acquirer recognizes and measures the consideration transferred, the assets acquired, and liabilities assumed. The acquiree's results are consolidated from this date. In a business combination affected by a sale and purchase agreement, the acquisition date is generally the specified closing or completion date. It is often readily apparent from the structure of the business combination and the terms of the sale and purchase agreement (if applicable) but this is not always the case.

IFRS 3 explains that the date on which the acquirer obtains control of the acquiree is generally the date on which the acquirer legally transfers the consideration, acquires the assets, and assumes the liabilities of the acquiree - the closing date. However, the acquirer should consider all pertinent facts and circumstances in identifying the acquisition date, including the possibility that control is achieved on a date that is either earlier or later than the closing date.

During the year, the Group did not enter into any new business combination transaction. Management has considered all legal aspects of the sale and purchase agreements and the pertinent facts and circumstances around each transaction in order to determine the acquisition dates of this transaction in accordance with IFRS 3.

Fair value measurement of contingent considerations

Contingent considerations from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent liabilities meet the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on detailed assessment of performance targets. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

Volume rebates

Sales rebates represent a significant aspect of revenue recognition process and involve estimating the amount of rebates that may be claimed by customers. These estimates are inherently subjective and are subject to change based on various factors, including customer behavior, market conditions, and historical rebate redemption patterns. Sales rebates are recognized as a reduction of revenue when the related sales occur. The estimation of sales rebates is based on historical experience, current contractual terms, and market conditions. Any changes in estimates related to sales rebates are recognized in the period in which the change occurs. Such changes are disclosed in the financial statements in accordance with the applicable accounting standards. Estimates related to sales rebates are subject to periodic review by management, involving a collaborative process between cross functional departments. The approval of such estimates involves key stakeholders to ensure alignment with business objectives.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

5 Right-of-use assets

	Land and buildings AED'000	Plant and equipment AED'000	Motor vehicles AED'000	Total AED'000
Cost				
At 1 January 2022	83,645	11,269	94,518	189,432
Additions	13,555	-	3,364	16,919
Acquired through a business combination	29,380	-	-	29,380
Terminations	(21,449)	-	(1,140)	(22,589)
Exchange differences	(9,193)	(4,119)	(1,489)	(14,801)
At 31 December 2022	95,938	7,150	95,253	198,341
Additions	34,982	-	37,503	72,485
Terminations	(4,436)	-	-	(4,436)
Exchange differences	(3,594)	(1,426)	(500)	(5,520)
At 31 December 2023	**122,890**	**5,724**	**132,256**	**260,870**
Accumulated amortisation				
At 1 January 2022	32,100	734	47,154	79,988
Charge for the year	19,090	1,822	20,483	41,395
Terminations	(6,798)	-	(847)	(7,645)
Exchange differences	(1,488)	(691)	(541)	(2,720)
At 31 December 2022	42,904	1,865	66,249	111,018
Charge for the year	22,781	1,050	20,508	44,339
Terminations	(2,857)	-	-	(2,857)
Exchange differences	885	(380)	(268)	237
At 31 December 2023	**63,713**	**2,535**	**86,489**	**152,737**
Carrying amount				
At 31 December 2023	**59,177**	**3,189**	**45,767**	**108,133**
At 31 December 2022	53,034	5,285	29,004	87,323

The amortization charge for the year is mainly allocated to the cost of sales and selling and distribution expenses amounting to AED 9,948 thousand (2022: AED 13,165 thousand) and AED 33,716 thousand (2022: AED 26,988 thousand) respectively.

6 Property, plant and equipment

	Land and buildings AED'000	Plant and equipment AED'000	Furniture and fixtures AED'000	Motor vehicles AED'000	Capital work in progress AED'000	Total AED'000
Cost						
At 1 January 2022	1,035,332	1,383,664	81,802	81,314	131,841	2,713,953
Additions	10,807	46,356	7,483	3,727	68,228	136,601
Acquired through a business combination	9,130	14,140	12,972	3,403	1,186	40,831
Disposals	(3,116)	(20,754)	(370)	(4,386)	-	(28,626)
Transfers	39,634	41,316	1,501	176	(82,627)	-
Exchange differences	(21,786)	(29,150)	(5,234)	(3,598)	(15,097)	(74,865)
At 31 December 2022	1,070,001	1,435,572	98,154	80,636	103,531	2,787,894
Additions	11,071	42,469	12,045	3,957	148,787	218,329
Disposals	(617)	(26,281)	(157)	(2,087)	-	(29,142)
Transfers	21,504	46,263	3,584	2,563	(73,914)	-
Exchange differences	(10,591)	(15,602)	(4,174)	(1,814)	(3,002)	(35,183)
At 31 December 2023	**1,091,368**	**1,482,421**	**109,452**	**83,255**	**175,402**	**2,941,898**

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

6 Property, plant and equipment (continued)

	Land and buildings AED'000	Plant and equipment AED'000	Furniture and fixtures AED'000	Motor vehicles AED'000	Capital work in progress AED'000	Total AED'000
Accumulated depreciation						
At 1 January 2022	339,407	763,662	52,169	58,279	-	1,213,517
Charge for the year	42,789	103,722	9,985	8,299	-	164,795
Disposals	(1,121)	(20,088)	(264)	(4,341)	-	(25,814)
Exchange differences	(1,718)	(5,682)	(2,101)	(1,130)	-	(10,631)
At 31 December 2022	379,357	841,614	59,789	61,107	-	1,341,867
Charge for the year	45,579	105,597	12,778	7,118	-	171,072
Disposals	(544)	(23,002)	(154)	(1,629)	-	(25,329)
Exchange differences	(878)	(3,455)	(1,535)	(665)	-	(6,533)
At 31 December 2023	**423,514**	**920,754**	**70,878**	**65,931**	**-**	**1,481,077**
Carrying amount						
At 31 December 2023	**667,854**	**561,667**	**38,574**	**17,324**	**175,402**	**1,460,821**
At 31 December 2022	690,644	593,958	38,365	19,529	103,531	1,446,027

Capital work in progress represents the buildings, plant and equipment under construction across the Group companies.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

6 Property, plant and equipment (continued)

Property, plant and equipment depreciation expenses during the year is charged to the consolidated statement of profit or loss as set out below:

	2023 **AED'000**	2022 AED'000
Cost of sales (note 25)	**139,218**	137,400
Selling and distribution expenses (note 26)	**16,947**	12,444
General and administrative expenses (note 27)	**14,632**	14,659
Research and development costs (note 28)	**275**	292
	171,072	164,795

7 Investment in associates and a joint venture

	2023 **AED'000**	2022 AED'000
Investment in associates and a joint venture	**19,905**	16,976

Investment in associates

Investment in an associate represents 31% ownership interest in Kottouf & Hala Trading Co. a limited liability company registered in the Kingdom of Saudi Arabia. The Group acquired the associate in 2021 through the acquisition of BMB Group. The associate is accounted for using the equity method in these consolidated financial statements. The principal activity of the associate is trading in foodstuff and snacking products.

During the year, the Company invested an amount of AED 4,194 thousand representing 25% stake in Agthia Ventures Restricted Limited, a Restricted Scope Company registered in Abu Dhabi Global Market (ADGM), the associate is an investment fund for business start-ups with the aim of expanding the Group's innovation capacity and opening new markets. The associate is accounted for using the equity method in these consolidated financial statements.

Movement in investment in associates during the year is set out below:

	2023 **AED'000**	2022 AED'000
At 1 January	**16,976**	19,084
Additions during the year	**4,194**	-
Share of profit of associates, net	**4,283**	5,267
Dividends received	**(3,936)**	(7,375)
At 31 December	**21,517**	16,976

7 Investment in associates and a joint venture (continued)

Investment in associates (continued)

Summary of the latest available financial information on investment in associates is set out below:

Kottouf & Hala Trading Co.

	2023 AED'000	2022 AED'000
Current assets	**66,860**	62,407
Non-current assets	**17,168**	18,670
Current liabilities	**(30,749)**	(31,020)
Non-current liabilities	**(8,942)**	(10,065)
Net assets	**44,337**	39,992
Revenue	**192,289**	231,192
Profit before zakat	**18,439**	19,822
Profit for the year	**17,111**	18,847

Agthia Ventures Restricted Limited

	2023 AED'000
Current assets	**36,287**
Current liabilities	**(445)**
Net assets	**35,842**
Revenue	**-**
Loss before tax	**(4,158)**
Loss for the year	**(4,158)**

Investment in a joint venture

During the year, the Company invested an amount of AED 367 representing 50% stake in Timarat Limited, a private company limited by shares registered in Abu Dhabi Global Market (ADGM), the joint venture objectives are to provide consultancy, project management and studies related to agriculture sector. The joint venture is accounted for using the equity method in these consolidated financial statements.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

7 Investment in associates and a joint venture (continued)

Investment in a joint venture (continued)

Movement in investment in joint venture during the year is set out below:

	2023 AED'000	2022 AED'000
At 1 January	**-**	5,267
Additions during the year	**-**	-
Share of loss of a joint venture	**(1,612)**	(2,196)
Gain on disposal during the year	**-**	2,443
Sale proceeds on disposal of a joint venture	**-**	(5,414)
At 31 December	**(1,612)**	-

Summary of the latest available financial information on investment in a joint venture is set out below:

Timarat Limited

	2023 AED'000
Current assets	**1,308**
Non-current assets	**1,720**
Current liabilities	**(2,031)**
Net assets	**997**
Revenue	**171**
Loss before tax	**(3,224)**
Loss for the year	**(3,224)**

8 Goodwill

	2023 AED'000	2022 AED'000
Opening balance	**1,858,593**	1,524,389
Acquired through business combinations	**-**	334,204
Closing balance	**1,858,593**	1,858,593

8 Goodwill (continued)

For the purpose of impairment testing, goodwill is allocated to the Group's Cash Generating Units ("CGUs") where the goodwill is monitored for internal management purposes. The aggregate carrying amount of goodwill allocated to each unit is as set out below:

	Country	2023 AED'000	2022 AED'000
Consumer business division (Atyab)	**Egypt**	**425,401**	425,401
Consumer business division (BMB)	**UAE**	**359,338**	359,338
Consumer business division (Abu Auf)	**Egypt**	**334,204**	334,204
Consumer business division (Al Nabil)	**Jordan**	**264,092**	264,092
Consumer business division (Foah)	**UAE**	**102,465**	102,465
Consumer business division (Al Faysal)	**Kuwait**	**97,160**	97,160
Consumer business division (Al Bayan)	**UAE**	**92,864**	92,864
Consumer business division (Delta)	**KSA**	**87,597**	87,597
Agri business division	**UAE**	**61,855**	61,855
Consumer business division (Al Ain Water)	**UAE**	**31,131**	31,131
Consumer business division (Agthia Turkey)	**Turkey**	**2,486**	2,486
		1,858,593	1,858,593

The recoverable amounts of Agri Business Division and Consumer Business Divisions CGUs were based on their values in use determined by management. The recoverable amounts of these CGUs were determined to be higher than their carrying amounts.

Values in use were determined by discounting the future cash flows generated from the continuing use of the units. Cash flows were projected based on past experience and the five-year business plan and terminal value approved by the management. CGUs related to the Group's recent acquisitions of Consumer business division (Abu Auf) is assumed to be similar to its carrying amount stated as at 31 December 2023 due to its recent acquisition and valuation.

Key assumptions used for the Group's CGUs impairment testing are set out below:

<u>Anticipated annual revenue growth (%)</u>

	2023	2022
Agri business division	**2.8% - 5%**	0.3% - 11.7%
Consumer business division (Al Ain Water)	**4.3% - 9.2%**	1.2% - 14.8%
Consumer business division (Agthia Turkey)	**7.4% - 22.1%**	4.2%-30.3%
Consumer business division (Al Bayan)	**8.0% - 9.0%**	6.3% - 9.7%
Consumer business division (Delta)	**6.6% - 11.5%**	4.9% - 13.8%
Consumer business division (Foah)	**17.4% - 19.4%**	5% - 11.7%
Consumer business division (Al Faysal)	**2.0% - 4.7%**	2.3% - 5.1%
Consumer business division (Al Nabil)	**8.3% - 18.1%**	10.8% - 19.6%
Consumer business division (BMB)	**13.6% - 16.7%**	0% - 36.8%
Consumer business division (Atyab)	**2.1% - 17.0%**	2.6% - 25.9%
Consumer business division (Abu Auf)*	**4.5% - 19.8%**	-

8 Goodwill (continued)

Discount rate (%)

	2023	2022
Agri business division	**8.36%**	8.67%
Consumer business division (Al Ain Water)	**9.08%**	9.43%
Consumer business division (Agthia Turkey)	**11.09%**	11.4%
Consumer business division (Al Bayan)	**9.07%**	9.38%
Consumer business division (Delta)	**7.98%**	8.30%
Consumer business division (Foah)	**8.44%**	8.56%
Consumer business division (Al Faysal)	**8.29%**	9.25%
Consumer business division (Al Nabil)	**10.86%**	10.94%
Consumer business division (BMB)	**8.55%**	8.78%
Consumer business division (Atyab)	**10.53%**	8.97%
Consumer business division (Abu Auf) *	**10.51%**	-

* Abu Auf was acquired near to the year end 31 December 2022 and accordingly were not subject to goodwill impairment assessment exercise as at 31 December 2022.

The values assigned to the key assumptions represent the management's assessment of future trends in the food and beverage industry and are based on both external and internal sources.

Sensitivity analysis

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used by 50 basis points to determine the recoverable amount for each of the group of CGUs to which goodwill is allocated. Management anticipates that no reasonably possible change in any of the key assumptions above would cause the carrying value of any of the CGU including goodwill to materially exceed its recoverable amount.

9 Intangible assets

	Brand names AED'000	**Licenses AED'000**	**Customer relationships AED'000**	**Spring water rights AED'000**	**Others AED'000**	**Total AED'000**
At 1 January 2022	330,224	51,084	101,338	1,707	9,147	493,500
Acquired through a business combination	95,800	-	-	-	-	95,800
Amortisation	(11,581)	(242)	(11,524)	-	(1,846)	(25,193)
Exchange differences	(301)	-	-	(485)	(29)	(815)
At 31 December 2022	414,142	50,842	89,814	1,222	7,272	563,292
Amortisation	(2,445)	-	(8,523)	-	(2,206)	(13,174)
Exchange differences	(95)	(728)	(200)	(422)	840	(605)
At 31 December 2023	**411,602**	**50,114**	**81,091**	**800**	**5,906**	**549,513**

9 Intangible assets (continued)

Spring water rights is considered to have an indefinite life as per agreement terms, while licenses have been acquired with the option to renew at the end of the period at little or no cost allowing the Group to determine that these licenses have indefinite useful life. Upon acquisition of BMB Group and A.U.F. Egypt for Manufacturing and Distribution of Nuts S.A.E, the Group recognized their respective brand names which are considered to have an indefinite life. The Group is not aware of any material legal, regulatory, contractual, competitive, economic or other factor which could limit its useful life. Accordingly, spring water rights, indefinite useful lives brand names, licenses are not amortised.

During the period, the Group has reassessed the useful lives of the brand names acquired with the business combinations in prior years. The brand names are considered to have an indefinite useful life and are subject to impairment test annually and whenever there is an indication that the brand names may be impaired.

The Group estimated that based on the timeframe each of above brand has been in the market, the strength and establishment of each brand name and considering the useful life of brands in the identified comparable business combinations, the Group believes that these brand names have an indefinite useful life.

The carrying amount of those brand names with revised useful lives is AED 224,668 thousand. The amortisation expense charged to consolidated statement of profit or loss account during the prior year was AED 13,174 thousand. Had these brand names continued to have a finite useful life, the amortisation expense would have increased by AED 9,047 thousand in the consolidated statement of profit or loss.

For the purpose of impairment testing, values in use were determined by discounting the future cash flows generated from the continuing use of these units. Cash flows were projected based on experience to build a five-year business plan for spring water rights and license using the following key assumptions:

Anticipated annual revenue growth (%)

	2023	2022
Consumer business division (Agthia Turkey)	**7.4% - 22.1%**	4.2%-30.3%
Consumer business division (Foah)	**17.4% - 19.4%**	-
Consumer business division (Al Rammah)	**2.0% - 4.7%**	2.3% - 8%
Consumer business division (Al Faysal)	**2.0% - 4.7%**	2.3% - 5.1%
Consumer business division (Al Nabil)	**8.3% - 18.1%**	-
Consumer business division (BMB)	**13.6% - 16.7%**	-
Consumer business division (Atyab)	**2.1% - 17.0%**	-
Consumer business division (Abu Auf) *	**4.5% - 19.8%**	-

Discount rates (%)

	2023	2022
Consumer business division (Agthia Turkey)	**11.09%**	11.4%
Consumer business division (Foah)	**8.44%**	-
Consumer business division (Al Faysal)	**8.29%**	9.25%
Consumer business division (Al Rammah)	**10.66%**	10.66%
Consumer business division (Al Nabil)	**10.86%**	-
Consumer business division (BMB)	**8.55%**	-
Consumer business division (Atyab)	**10.53%**	-
Consumer business division (Abu Auf) *	**10.51%**	-

* Abu Auf was acquired near to the year end 31 December 2022 and accordingly was not subject to intangible assets impairment assessment exercise as at 31 December 2022.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

9 Intangible assets (continued)

Discount rates (%) (continued)

The values assigned to the key assumptions represent management's assessment of future trends in the food and beverage industry and are based on both external and internal sources.

Sensitivity analysis

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used by 50 basis points to determine the recoverable amount for intangible assets. Management anticipates that no reasonably possible change in any of the key assumptions above would cause the carrying value of any of the above intangible assets to materially exceed its recoverable amount.

10 Inventories

	2023 AED'000	2022 AED'000
Raw and packing materials	**623,707**	536,139
Work in progress	**27,525**	26,915
Finished goods	**195,473**	215,617
Spare parts and consumable materials	**104,975**	99,363
Goods in transit	**10,006**	6,155
	961,686	884,189
Provision for slow moving inventory	**(34,852)**	(36,914)
	926,834	847,275

Movement in the provision for slow moving inventory during the year is set out below:

	2023 AED'000	2022 AED'000
Opening balance	**36,914**	41,521
Charge for the year, net	**4,006**	5,798
Written off	**(6,068)**	(10,405)
Closing balance	**34,852**	36,914

11 Trade and other receivables

	2023 AED'000	2022 AED'000
Trade receivables	**870,916**	846,171
Loss allowance	**(136,199)**	(125,342)
	734,717	720,829
Other receivables	**82,120**	103,402
Prepayments	**32,937**	57,191
Advances	**221,639**	50,478
	1,071,413	931,900

Movement in the allowance for impairment losses of trade receivables during the year is set out below:

	2023 AED'000	2022 AED'000
Opening balance	**125,342**	141,850
Acquired through business combinations	**-**	970
Charge for the year, net	**12,245**	6,397
Written off	**(1,388)**	(23,875)
Closing balance	**136,199**	125,342

The following table details the risk profile of trade receivables based on the Group's provision matrix. The Group's historical credit loss experience is analysed based on different customer channels.

Ageing analysis of gross receivables and ECL is set out below:

As at 31 December 2023:

	Gross receivables AED'000	ECL %	ECL provision AED'000
Not due	**510,572**	**3.7%**	**19,004**
0 – 90 Days	**101,270**	**6.2%**	**6,321**
91 – 180 Days	**29,837**	**13.4%**	**4,007**
181 – 270 Days	**23,809**	**7.4%**	**1,768**
271 – 360 Days	**12,288**	**47.1%**	**5,788**
361 Days and above	**193,140**	**51.4%**	**99,311**
	870,916	**15.6%**	**136,199**

11 Trade and other receivables (continued)

As at 31 December 2022:

	Gross receivables AED'000	ECL %	ECL provision AED'000
Not due	486,283	3.3%	15,995
0 – 90 Days	108,603	5.9%	6,354
91 – 180 Days	28,841	16.3%	4,705
181 – 270 Days	13,772	22.4%	3,089
271 – 360 Days	31,599	16.8%	5,308
361 Days and above	177,073	50.8%	89,891
	846,171	14.8%	125,342

The Group recognises lifetime expected credit losses (ECL) for trade receivables using the simplified approach. To determine the expected credit losses all debtors were classified into five categories and ECL rate for each category was determined using a provision matrix:

- Category I – Government
- Category II – Municipalities
- Category III – Reprocessing / food service
- Category IV – Retail / distributors
- Category V – Others

These were adjusted for factors that are specific to the debtors and general economic conditions and an assessment of both the current as well as the forecast direction of the conditions at the reporting date, including time value of money, where appropriate.

12 Balances and transactions with related parties

The Group, in the ordinary course of business, entered into a variety of transactions at agreed terms and conditions, with companies, entities or individuals that fall within the definition of a related party as defined in IAS 24 Related Party Disclosures.

Parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party in making financial or operational decisions.

Related parties comprise major shareholders, key management personnel, Board of Directors and their related companies.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

12 Balances and transactions with related parties (continued)

a) Key management personnel compensation

Key management personnel compensation for the year is set out below:

	2023 **AED'000**	2022 AED'000
Short term benefits	**26,461**	18,697
Long term benefits	**7,152**	3,866
	33,613	22,563

b) Amounts due from related parties

	2023 **AED'000**	2022 AED'000
Dubai Cable Company (Private) Limited - affiliated company	**35**	164
Emirates Iron & Steel Company LLC – affiliated company	**411**	427
Abu Dhabi Development Holding Company (ADQ) – ultimate parent company	**223**	723
Kottouf & Hala Trading Co. – associate company	**14,473**	13,380
	15,142	14,694

d) Transactions with related parties

Transactions with related parties during the year were as follows:

	2023 **AED'000**	2022 AED'000
Sales	**84,270**	85,379
Expenses recharged	**665**	723
Dividend received	**3,936**	7,375

13 Cash and bank balances

	2023 **AED'000**	2022 AED'000
Cash on hand	**3,005**	4,468
Current and savings accounts	**305,876**	292,826
Cash and bank balances	**308,881**	297,294
Restricted cash	**-**	(24,936)
Bank overdrafts (note 16)	**(31,173)**	(51,237)
Cash and cash equivalents in the consolidated statement of cash flows	**277,708**	221,121
Cash and bank balances	**308,881**	297,294
Fixed deposits	**321,077**	745,208
Cash and bank balances in the consolidated statement of financial position	**629,958**	1,042,502

Fixed deposits are for a period not more than one year and not less than three months (2021: not more than one year and not less than three months). Interest is earned on these deposits at prevailing market rates, the carrying amounts of these assets approximate to their fair value.

Restricted cash represents amounts mainly set aside for payment of dividend distribution from 2009 to 2014. During the year, the Group has transferred the full amount to the Securities and Commodities Authority.

Balances with banks are assessed to have low credit risk of default. Accordingly, management estimates the loss allowance on balances with banks at the end of the reporting period to an amount equal to 12-month ECL. None of the balances with banks at the end of the reporting period are past due and taking into account the historical default experience and the current credit ratings of the bank, management anticipates that there is no impairment, and hence have not recorded any loss allowances on these balances.

14 Derivative financial instruments

During 2023, the Group entered into a floating to fixed interest rate swaps with corresponding banks to hedge the interest rate risk relating to a portion of the floating interest rates payable on its bank borrowings, with all critical terms matching. These derivatives contracts have been designated as cash flow hedge under IFRS 9. Below are the details of the derivatives:

Currency	**Notional Amount 2023 AED' 000**	**Notional Amount 2022 AED' 000**	**Maturity date**
USD	**257,110**	-	2028
USD	**91,825**	-	2028
USD	**183,650**	183,650	2028
USD	**183,650**	183,650	2028
USD	**110,190**	-	2028
USD	**-**	150,593	2027

14 Derivative financial instruments (continued)

Swaps currently in place cover approximately 66% of the variable loan principal outstanding. The fixed interest rate payable on the swap is 2.80% - 3.75% (2022: 2.85% - 3.15%), and the variable rate on both the swap and the loans is 3M SOFR (2022: 3M SOFR).

As at 31 December 2023, the fair value of the derivative financial instrument is as follows:

	2023		2022	
	AED' 000		AED' 000	
	Derivative financial assets	**Derivative financial liabilities**	Derivative financial assets	Derivative financial liabilities
Current portion	**-**	**-**	-	-
Non- current portion	**5,605**	**7,733**	668	446
	5,605	**7,733**	668	446

The fair value movement of the derivatives of AED 2,128 thousand (2022: AED 222 thousand) is included under "finance cost" in the consolidated statement of profit or loss.

15 Provision for employees' end of service benefits

	2023 AED'000	2022 AED'000
Amounts recognised in the consolidated statement of financial position		
Opening balance	**115,943**	123,817
Service cost (including interest costs)	**10,473**	17,177
Benefit payments	**(13,170)**	(14,810)
Exchange differences	**28**	(223)
Gain on remeasurement	**(2,031)**	(10,018)
Closing balance	**111,243**	115,943

Amounts recognised in the consolidated statement of profit or loss

	2023 AED'000	2022 AED'000
Current service cost	**6,453**	14,466
Interest cost	**4,020**	2,711
	10,473	17,177

15 Provision for employees' end of service benefits (continued)

Amounts recognised in consolidated statement of other comprehensive income

	2023	2022
	AED'000	AED'000
Effect of changes in demographic assumptions	**(13,501)**	(4,443)
Effect of changes in financial assumptions	**2,054**	(7,555)
Effect of experience adjustments	**9,416**	1,980
	(2,031)	(10,018)

	2023	2022
Significant actuarial assumptions		
Discount rate	**4.95%**	5.20%
Rate of salary increase	**3% for all entities per annum**	3% for all entities per annum

	2023	2022
Sensitivity analysis		
Discount rate		
- 50 basis points	**5,690**	5,802
+ 50 basis points	**5,273**	5,690
Salary increase rate		
- 50 basis points	**5,270**	5,688
+ 50 basis points	**5,692**	5,803

The Group expects total benefit payments of AED 14,201 thousand in 2024 (2022: AED 18,670 thousand in 2023).

16 Bank borrowings

Contractual terms of the Group's interest-bearing loans and borrowings is set out below:

	2023	2022
	AED'000	AED'000
Current liabilities:		
Credit facilities	**275,110**	608,569
Bank overdrafts	**31,173**	51,237
Term loans	**14,213**	15,845
	320,496	675,651
Non-current liabilities		
Term loans	**1,229,603**	1,710,816

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

16 Bank borrowings (continued)

Terms and repayment schedule (Amounts in AED'000)

	Notes	Interest Rate	Year of maturity	2023 Face value /limit	2023 Carrying amount	2022 Face value /limit	2022 Carrying amount
Short term loans / bank overdrafts		Margin + Reference rate*	2024	**409,145**	**82,703**	517,453	276,853
Credit facilities		Margin + Reference rate*	2024	**984,116**	**223,572**	961,426	382,955
Term loan 1	(a)	SOFR + margin*	2026	**293,840**	**293,840**	550,950	550,950
Term loan 2	(a)	SOFR + margin*	2026	**550,950**	**550,950**	550,950	550,950
Term loan 3	(a)	EIBOR+ margin*	2026	**50,000**	**50,000**	150,000	150,000
Term loan 4	(a)	SOFR + margin*	2026	**-**	**-**	150,593	150,593
Term loan 5	(b)	CBK + margin*	2026	**7,528**	**7,528**	17,284	17,284
Term loan 6	(c)	SAIBOR + margin*	2025	**14,690**	**14,690**	24,431	24,431
Term loan 7	(d)	SOFR + margin*	2027	**275,475**	**275,475**	275,475	275,475
Term loan 8	(e)	Mid Corridor + margin*	2026	**3,485**	**3,485**	6,976	6,976
Term loan 9	(f)	SAIBOR + margin*	2030	**88,140**	**47,856**	-	-
Total				**2,677,369**	**1,550,099**	3,205,538	2,386,467

* Reference rates include SOFR, EIBOR, SAIBOR, CBK, Mid corridor and Jordan PLR. Margin on the above loans and facilities varies from 0.40 % - 1.20 % (2022: 0.40 % - 1.20 %) for UAE and 0.50 % - 2.85 % (2022: 0.50 % - 2.85 %) for overseas.

(a) The Group availed in 2021 four long-term loans of AED 1,402,493 thousand for a tenure of five years repayable in 2026. All loans payment term is a bullet repayment of principal amounts at maturity. Loans are secured against corporate guarantee. The Group has pre-settled AED 507,703 thousand during 2023 and the current carrying value of the loan is AED 894,790 thousand.

(b) One of the Group's subsidiaries availed a loan of KWD 1,800 thousand in 2020 for a tenure of six years repayable in annual instalments till 2026. The facility is secured by corporate guarantee. The current carrying value of the loan is AED 7,528 thousand (KWD 630 thousand).

(c) One of the Group's subsidiaries availed a long term loan of SAR 50,000 thousand in 2020 for a tenure of five years repayable in semi-annual instalments till 2025. The facility is secured by corporate guarantee. The current carrying value of the loan is AED 14,690 thousand (SAR 15,000 thousand).

(d) The Group has availed a long-term loan of AED 275,475 thousand in USD original currency for a tenure of five years repayable in 2027. The loan payment term is a bullet repayment at maturity. The loan is secured by corporate guarantee.

16 Bank borrowings (continued)

Terms and repayment schedule (Amounts in AED'000) (continued)

(e) Upon the acquisition of Abu Auf Holding Netherlands B.V, the Group has consolidated a liability of bank term loan equivalent to AED 6,976 thousand as of 31 December 2022. The current carrying value of the loan is AED 3,485 thousand repayable by 2026.

(f) One of the Group's subsidiaries availed a long term loan of AED 47,855 thousand (SAR 48,865 thousand) in 2023 for a tenure of seven years repayable in annual instalments from 2026 till 2030 (the loan has two years grace period of principal repayment). The face value of the facility is SAR 90,000 thousand will be used to fund the construction of a manufacturing facility for Al Nabil Food Industries LLC in KSA, one of Agthia's protein brands. The facility is secured by corporate guarantee.

17 Lease liabilities

	2023 **AED'000**	2022 AED'000
Opening balance	**85,945**	107,199
Acquired through business combinations	**-**	30,882
Additions during the year	**72,485**	16,919
Lease liabilities terminated	**(1,579)**	(14,944)
Payments made during the year	**(55,100)**	(60,122)
Interest cost	**6,701**	6,011
Closing balance	**108,452**	85,945

Lease liabilities as at 31 December is set out below:

	2023 **AED'000**	2022 AED'000
Current	**33,326**	30,394
Non-current	**75,126**	55,551
	108,452	85,945

The Group does not have a significant liquidity risk regarding its lease liabilities and does not have any significant variable component in lease payments.

Maturity analysis for the Group lease liabilities is set out below:

	2023 **AED'000**	2022 AED'000
Not later than 1 year	**33,326**	30,394
Later than 1 year and not later than 5 years	**61,195**	42,339
Later than 5 years	**13,931**	13,212
	108,452	85,945

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

18 Deferred government grant

The Government of Abu Dhabi provides an annual budget for capital expenditure in accordance with an approved budget. The capital grants are recorded as deferred government grants in the consolidated statement of financial position and classified as current and non-current liabilities.

	2023 **AED'000**	2022 AED'000
Current portion		
Unamortised government grants related to property, plant and equipment	**11,878**	9,362
Non-current portion		
Unamortised government grants related to property, plant and equipment	**13,435**	23,615
	25,313	32,977

19 Trade and other payables

	2023 **AED'000**	2022 AED'000
Trade payables	**889,811**	440,582
Accrued expenses	**443,028**	357,550
Advances and deposits	**172,678**	29,460
Unclaimed dividends (2009-2014)	**-**	24,936
Other payables	**101,372**	137,593
	1,606,889	990,121

20 Deferred taxation

The deferred income tax expense for the year ended 31 December 2023 of AED 42,641 thousand (31 December 2022: AED nil) relates to the initial recognition of a deferred tax liability in respect of Purchase Price Allocation (PPA) adjustments carried on the Group's consolidated statement of financial position and attributable to certain UAE-based Group entities. While the PPA adjustments relate to a corporate transaction completed in prior accounting periods, the deferred tax liability arises due to the introduction of the UAE CT Law in the UAE, and on the basis that the UAE-based entities to which those PPA adjustments are attributed should be subject to UAE CT in the future.

21 Share capital

Share capital includes issued and fully paid 791,577 thousand shares (31 December 2022: 791,577 thousand shares) at a par value of AED 1 each.

	2023 **AED'000**	2022 AED'000
Authorised share capital (Ordinary shares of AED 1 each)	**1,200,000**	1,200,000
Issued and fully paid share capital	**791,577**	791,577

Share premium pertains to the additional shares issued in prior years with an aggregate principal amount of AED 843,674 thousand which resulted in share premium of AED 652,097 thousand.

22 Legal reserve

In accordance with the UAE Federal Decree Law No. (32) of 2021 and the Company's Articles of Association, 10% of the profit for each year attributable to the owners of the Company is transferred to the legal reserve until this reserve equals 50% of the paid-up share capital. The legal reserve is restricted and not available for distribution.

23 Dividends

At the Annual General Meeting held on 17 April 2023, the shareholders' approved interim cash dividends of AED 65,305 thousand for the year ended 31 December 2022 which represents 8.25% of the issued share capital (at the Annual General Meeting held on 7 April 2022, the shareholders' approved interim cash dividends of AED 65,305 thousand for the year ended 31 December 2021 which represents 8.25% of the issued share capital).

At the Annual General Meeting held on 12 September 2023, the shareholders' approved interim cash dividends of AED 65,305 thousand for the six-month period ended 30 June 2023 which represents 8.25% of the issued share capital (at the Annual General Meeting held on 15 September 2022, the shareholders' approved interim cash dividends of AED 65,305 thousand for the six-month period ended 30 June 2022 which represents 8.25% of the issued share capital).

24 Revenue

Revenues for the year ended 31 December 2023 amounting to AED 4,561,210 thousand (year ended 31 December 2022: 4,067,394 thousand).

25 Cost of sales

	2023 **AED'000**	2022 AED'000
Raw materials	**2,573,095**	2,293,680
Salaries and benefits	**261,773**	261,024
Depreciation of property, plant and equipment	**139,218**	137,400
Utilities	**79,822**	80,661
Maintenance	**46,878**	43,236
Rent expenses	**9,633**	10,177
Amortisation of right-of-use assets	**9,948**	13,165
Transportation	**20,296**	23,336
Insurance	**6,190**	6,934
Others	**53,359**	40,199
	3,200,212	2,909,812

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

26 Selling and distribution expenses

	2023 AED'000	2022 AED'000
Salaries and benefits	**277,778**	255,112
Marketing expenses	**85,398**	74,911
Transportation	**82,894**	77,834
Amortisation of right-of-use assets	**33,716**	26,988
Depreciation of property, plant and equipment	**16,947**	12,444
Maintenance	**13,041**	10,685
Rent expense	**16,699**	8,177
Utilities	**6,527**	4,921
Training and consulting	**690**	1,311
Others	**43,809**	35,573
	577,499	507,956

27 General and administrative expenses

	2023 AED'000	2022 AED'000
Salaries and benefits	**192,268**	195,982
Legal and professional fees	**41,126**	37,108
Amortisation of intangible assets	**13,174**	25,193
Maintenance	**18,789**	15,476
Depreciation of property, plant and equipment	**14,632**	14,659
Allowance for impairment loss of trade receivables, net	**12,245**	6,397
Rent expense	**7,861**	6,522
Amortisation of right-of-use assets	**675**	1,242
Others	**51,311**	43,246
	352,081	345,825

28 Research and development costs

	2023 AED'000	2022 AED'000
Salaries and benefits	**6,958**	8,613
Depreciation on property, plant and equipment	**275**	292
Others	**837**	393
	8,070	9,298

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

29 Other income, net

	2023 AED'000	2022 AED'000
Grant income from receiving centres	**8,400**	8,400
Income on sale of raw materials / scrap	**7,297**	5,001
Income from filling / storage	**4,319**	4,099
Management fee	**1,437**	3,469
(Loss) / gain on sale of property, plant and equipment	**(1,495)**	2,023
Gain on sale of a joint venture	**-**	2,443
Release of excess provisions	**-**	11,606
Fair value gain on contingent liability (note 38)	**18,428**	-
Hedge ineffectiveness on cash flow hedges (note 14)	**(2,128)**	-
Others	**7,143**	15,188
	43,401	52,229

30 Finance income

	2023 AED'000	2022 AED'000
Interest income	**25,649**	26,739
Others	**-**	680
	25,649	27,419

31 Finance expense

	2023 AED'000	2022 AED'000
Interest expense on borrowings	**109,374**	72,013
Interest expense on lease liabilities (note 17)	**6,701**	6,011
Foreign exchange gain	**(3,192)**	(2,127)
	112,883	75,897

32 Income tax and zakat expenses

The Group's operation in Egypt, Turkey, Jordan and Oman are subject to corporate taxation. Provision is made for taxes at rates enacted or substantively enacted at the consolidated statement of financial position date on taxable profits of overseas subsidiaries in accordance with the fiscal regulations of the countries in which they operate.

Further, the Group's operation in the Kingdom of Saudi Arabia is subject to Zakat. Zakat is provided in accordance with the Regulations of the General Authority of Zakat and Tax (GAZT) in the Kingdom of Saudi Arabia on accrual basis. The provision is charged to the consolidated statement of profit or loss. Differences, if any, resulting from the final assessments are adjusted in the year of their finalisation.

	2023	2022
	AED'000	AED'000
Income tax expense	**39,022**	27,793
Zakat expense	**947**	949
Deferred tax liability – goodwill temporary difference (note 20)	**31,769**	-
Deferred tax liability – intangible assets temporary difference (note 20)	**10,872**	-
	82,610	28,742

33 Basic and diluted earnings per share

	2023	2022
Profit for the year attributable to the Owners of the Company AED'000)	**261,008**	246,785
Weighted average number of ordinary shares in issue throughout the year ('000)	**791,577**	791,577
Basic and diluted earnings per share (AED)	**0.330**	0.312

Basic and diluted earnings per share are calculated by dividing the Group profit for the year attributable to the owners of the Company by the weighted average number of shares in issue throughout the year.

As of 31 December 2023 and 2022, the Company has not issued any instruments that have an impact on diluted earnings per share when exercised and accordingly diluted earnings per share are the same as basic earnings per share.

34 Contingent liabilities and capital commitments

	2023	2022
	AED'000	AED'000
Bank guarantees	**30,276**	20,744
Letters of credit	**37,359**	45,476
Capital commitments	**64,951**	30,371

Bank guarantees and letters of credits were issued in the normal course of business. These include deferred payment credit, performance bonds, tender bonds, deferred payment bills, inward bill and margin deposit guarantees.

35 Partly-owned subsidiaries

Financial information of sizeable subsidiaries that have material non-controlling interests is set out below:

Proportion of equity interest percentage held by non-controlling interests

	Country of incorporation and operation	**2023**	2022
Al Nabil Food Industries LLC	**Jordan**	**20%**	20%
Ismailia Agricultural and Industrial Investment (Furat)	**Egypt**	**24.98%**	24.98%
Ripplette Corp. and Mediterranean Confectionary Company Limited	**UAE / KSA**	**20%**	20%
Al Rammah National for General Trading and Contracting Company WLL	**Kuwait**	**50%**	50%
A.U.F. Egypt for Manufacturing and Distribution of Nuts S.A.E.	**Egypt**	**40%**	40%

Accumulated balances of individual non-controlling interests as at the reporting date

	2023 AED'000	2022 AED'000
Al Nabil Food Industries LLC	**65,975**	74,265
Ismailia Agricultural and Industrial Investment (Furat)	**58,171**	55,338
Ripplette Corp. and Mediterranean Confectionary Company Limited	**51,618**	49,180
Al Rammah National for General Trading and Contracting Company WLL	**39,953**	37,049
A.U.F. Egypt for Manufacturing and Distribution of Nuts S.A.E.	**68,053**	56,787
	283,770	272,619

Profit / (loss) for the year allocated to individual non-controlling interests are set out below:

	2023 AED'000	2022 AED'000
Al Nabil Food Industries LLC	**5,548**	8,356
Ismailia Agricultural and Industrial Investment (Furat)	**9,204**	13,726
Al Rammah National for General Trading and Contracting Company WLL	**3,303**	5,296
Ripplette Corp. and Mediterranean Confectionary Company Limited	**5,474**	(2,552)
A.U.F. Egypt for Manufacturing and Distribution of Nuts S.A.E.	**15,039**	972
	38,568	25,798

36 Financial instruments

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the reporting date is set out below:

	Notes	**2023 AED'000**	2022 AED'000
Trade receivables, net	11	**734,717**	720,829
Other receivables	11	**82,120**	103,402
Due from related parties	12	**15,142**	14,694
Cash at banks	13	**626,958**	1,038,034
		1,458,937	1,876,959

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the consolidated statement of financial position are net of allowances for expected credit losses as calculated using Expected Credit Loss approach based on lifetime expected credit losses using the Group's management prior experience and the current economic environment adjusted for forward looking factors. The Group has no significant concentration of credit risk, with overall exposure being spread over many customers.

Liquidity risk

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

The Group ensures that it has sufficient cash on demand to meet expected operational and capital expenditures in accordance with the Group's working capital requirements, including servicing financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Contractual maturities of the Group's financial liabilities as at the reporting date are set out below:

Amounts in AED'000	**Carrying value**	**Contractual cash flows**	**Up to 1 year**	**1-2 years**	**2-5 years**	**More than 5 years**
As at 31 December 2023						
Trade and other payables	**1,606,889**	**1,606,889**	**1,606,889**	**-**	**-**	**-**
Bank borrowings	**1,550,099**	**1,718,873**	**390,894**	**55,215**	**1,243,906**	**28,858**
Lease liabilities	**108,452**	**114,097**	**40,003**	**41,690**	**21,038**	**11,366**
	3,265,440	**3,439,859**	**2,037,786**	**96,905**	**1,264,944**	**40,224**
As at 31 December 2022						
Trade and other payables	990,121	990,121	990,121	-	-	-
Bank borrowings	2,386,467	2,782,797	803,400	209,890	1,769,507	-
Lease liabilities	85,945	90,418	31,701	33,038	16,672	9,007
	3,462,533	3,863,336	1,825,222	242,928	1,786,179	9,007

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

36 Financial instruments (continued)

Market risk

Foreign currency risk

Currency risk is the risk that the value of the Group 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 Turkish Lira ("TRY"), Kuwaiti Dinar ("KWD"), Egyptian Pounds ("EGP"), Euro ("EUR"), United State Dollars ("USD"), Omani Riyals ("OMR"), Jordanian Dinars ("JOD") and Saudi Riyals ("SAR").

Management anticipates that the Group's exposure to currency risk is limited as the Group's currency, JOD and SAR are pegged to USD. The fluctuation in exchange rates against TRY, KWD, EGP, Euro, and OMR are monitored on a continuous basis.

The following tables demonstrate the sensitivity to a reasonably possible change in significant foreign currency exchange rates exposure mainly denominated in EGP, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in EGP rate	**Effect on profit before tax AED'000**
2023	**- / + 5%**	**- / + 5,919**
2022	- / + 5%	- / + 3,366

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing obligations with floating interest rates.

The Group manages its interest rate risk by entering into interest rate swaps arrangements, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. As at 31 December 2023, after taking into account the effect of interest rate swaps, approximately 53% of the Group's borrowings are at a fixed rate of interest (2022: 22%).

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase / (decrease) in basis points	**Effect on profit before tax AED'000**
2023	**- / + 0.5%**	**- / + 3,618**
2022	- / + 0.5%	- / + 9,343

36 Financial instruments (continued)

Capital management

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an efficient capital structure to optimise the cost of capital. In maintaining an appropriate capital structure and providing returns for shareholders in 2023, the Group provided returns to shareholders in the form of cash dividends for the year 2022 results, current details of which are included in the consolidated statement of changes in equity.

Fair value hierarchy

The Group measures financial instruments such as contingent considerations at fair value at each consolidated statement of financial position date and classified as level 3.

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 as at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value hierarchy levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as priced) 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).

During the year, there were no transfers between fair value levels.

The Group's management considers that the fair values of its financial assets and financial liabilities that are not measured at fair value approximates to their carrying amounts as stated in the consolidated statement of financial position.

37 Segmental analysis

The Group has two reportable segments, as described below. Reportable segments offer different products and services and are managed separately because they require different technology and operational marketing strategies. For each of the strategic business units, the Group's executive management reviews internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Group's reportable segment:

Agri Business Division ("ABD")

- Flour and Animal Feed includes manufacturing and distribution of flour and animal feed.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

37 Segmental analysis (continued)

Consumer Business Division ("CBD")

- Water and Food segment includes manufacturing, bottling, and distribution of drinking water, beverages, juices, dairy and trading products.

- Protein and Frozen Vegetables segment includes manufacturing, packaging, distribution and trading of tomato and chili paste, fruit concentrate, frozen vegetables and processed protein products.

- Snacks segment includes manufacturing, packaging, distribution of dates, sweets, baklawa, chocolates, coffee, nuts and bakery products.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit, as included in the internal management reports data reviewed by the Group's executive management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

37 Segmental analysis (continued)

	Agri Business Division ("ABD")		Consumer Business Division ("CBD") Water and Food		Protein and FV		Snacks		Total CBD		Total	
	2023 AED'000	2022 AED'000	**2023 AED'000**	2022 AED'000	**2023 AED'000**	2022 AED'000	**2023 AED'000**	2022 AED'000	**2023 AED'000**	2022 AED'000	**2023 AED'000**	2022 AED'000
Revenues	**1,270,812**	1,057,839	**1,054,228**	996,182	**1,035,169**	1,164,633	**1,314,704**	952,075	**3,404,101**	3,112,890	**4,674,913**	4,170,729
Intra-group	**(43,591)**	(34,567)	**(46,557)**	(45,390)	**(8,921)**	(17,168)	**(14,634)**	(6,210)	**(70,112)**	(68,768)	**(113,703)**	(103,335)
External revenues	**1,227,221**	1,023,272	**1,007,671**	950,792	**1,026,248**	1,147,465	**1,300,070**	945,865	**3,333,989**	3,044,122	**4,561,210**	4,067,394
Gross profit	**275,925**	232,938	**411,322**	357,432	**253,569**	292,335	**432,151**	285,101	**1,097,042**	934,868	**1,372,967**	1,167,806
Reportable segment profit	**178,798**	146,118	**78,941**	39,053	**71,230**	90,113	**191,464**	143,820	**341,635**	272,986	**520,433**	419,104
Material non-cash item												
Impairment loss on trade receivables	**4,165**	3,852	**7,255**	3,494	**1,470**	573	**(645)**	(1,522)	**8,080**	2,545	**12,245**	6,397

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

37 Segmental analysis (continued)

	Agri Business Division (ABD)		Consumer Business Division (CBD)		Total Segments	
	31 December 2023 AED'000	31 December 2022 AED'000	**31 December 2023 AED'000**	31 December 2022 AED'000	**31 December 2023 AED'000**	31 December 2022 AED'000
Others:						
Segment assets	**624,172**	649,301	**3,061,168**	2,740,987	**3,685,340**	3,390,288
Segment liabilities	**519,967**	177,274	**1,362,709**	1,049,068	**1,882,676**	1,226,342
Capital expenditure	**4,974**	9,321	**159,098**	104,159	**164,072**	113,480

Reconciliations of reportable segments' gross profit, finance income and expense, depreciation, and capital expenditure are set out below:

	2023			2022		
	Reportable segment totals AED'000	**Unallocated AED'000**	**Consolidated totals AED'000**	Reportable segment totals AED'000	Unallocated AED'000	Consolidated totals AED'000
Gross profit / (loss)	**1,372,967**	**(11,969)**	**1,360,998**	1,167,806	(10,224)	1,157,582
Finance income	**3,598**	**22,051**	**25,649**	3,902	23,517	27,419
Finance expense	**(14,598)**	**(100,413)**	**(115,011)**	(10,201)	(65,696)	(75,897)
Depreciation of property, plant and equipment	**167,068**	**4,004**	**171,072**	160,788	4,007	164,795
Capital expenditure	**164,072**	**901**	**164,973**	113,480	3,853	117,333

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

37 Segmental analysis (continued)

Reconciliation of reportable segments' profit or loss for the year is set out below:

	2023 AED'000	2022 AED'000
Total profit for reportable segments	**520,433**	419,104
Unallocated amounts		
Other operating expenses	**(140,432)**	(103,290)
Net finance income, net	**(80,425)**	(43,231)
Profit for the year	**299,576**	272,583
Non-controlling interests	**(38,568)**	(25,798)
Profit for the year attributable to the owners of the Company	**261,008**	246,785

Reconciliation of reportable segments' assets and liabilities are set out below:

	2023 AED'000	2022 AED'000
Segment Assets		
Agri Business Division	**624,172**	649,301
Consumer Business Division	**3,061,168**	2,740,987
Total assets for reportable segments	**3,685,340**	3,390,288
Other unallocated amounts	**2,954,972**	3,418,516
Total assets	**6,640,312**	6,808,804
Segment Liabilities		
Agri Business Division	**519,967**	177,274
Consumer Business Division	**1,362,709**	1,049,068
Total liabilities for reportable segments	**1,882,676**	1,226,342
Other unallocated amounts	**1,564,089**	2,496,569
Total liabilities	**3,446,765**	3,722,911

38 Contingent consideration

a) Ripplette Corp. and Mediterranean Confectionary Company Limited

On 31 August 2021, the Group Board of Directors' has approved a strategic acquisition of a 100% stake in Ripplette Corp. and Mediterranean Confectionary Company Limited (together "BMB") and subsequently obtained the control on 13 December 2021. BMB was launched in 2007 and has a large portfolio of confectionery and healthy food brands and distributes in more than 23 countries worldwide, including the UAE, Saudi Arabia, and USA. The acquisition has been accounted for using the acquisition method. The Group has entered into a management agreement with previous owners pursuant to the SPA to govern the terms of the management party's economic interest in BMB which equals to 20% of the issued share capital.

As part of the SPA dated 13 December 2021, part of the consideration was determined to be contingent, based on the settlement of certain tax liabilities regarding capital gains in Saudi Arabia. As at 31 December 2022, the fair value for the contingent consideration amounted to AED 26,464 thousand. During the year 2023, the Group has paid an amount of AED 24,937 thousand and released contingent liability fair value of AED 1,528 thousand.

b) Abu Auf Holding Netherlands B.V

On 14 July 2022, the Group Board of Directors' has approved a strategic acquisition of a 60% stake in Abu Auf Holding Netherlands B.V and its subsidiaries (together "Abu Auf") and subsequently obtained the control on 18 November 2022. Abu Auf was launched in 2010 and has a large portfolio of healthy snacks, nuts and coffee brands. The acquisition has been accounted for using the acquisition method. The Group has acquired Abu Auf to expand its existing customer base in Egypt and to empower the snacking segment.

As part of the SPA dated 14 July 2022 with the previous owners of Abu Auf, part of the consideration was determined to be contingent, based on the performance of the acquired entity. As at 31 December 2022, the fair value for the contingent considerations were amounted to AED 84,994 thousand given the performance indicators of Abu Auf. During the year 2023, the Group has paid an amount of AED 64,852 thousand and released contingent liability fair value of AED 16,900 thousand as a result of EGP devaluation.

39 Reclassification of comparative figures

Certain comparative figures for the year ended 31 December 2022 have been reclassified for consistency with the current year presentation. This reclassification had no effect on the reported results of the Group.

(a) In the current year, Group's Management considered that the government compensation receivable falls within the category of other receivables and should be presented accordingly within the line item of trade and other receivables. Accordingly, the comparative figures of government compensation receivable for the year ended 31 December 2022 have been reclassified for consistency with the current year presentation.

(b) To achieve better presentation, the Group's management presented changes in other provisions under the working capital changes as a separate line item in the consolidated statement of cash flows. Accordingly, the comparative figures of other provisions and trade and other payables for the year ended 31 December 2022 have been reclassified for consistency with the current year presentation.

(c) To enhance the presentation quality, the Group's management subdivided the additions to property, plant, and equipment into cash and non-cash categories. Accordingly, the management reflected the non-cash additions as a distinct non-cash transaction in the consolidated statement of cash flows. As a result, the comparative figures reflecting changes in trade and other payables under the working capital changes for the year ended 31 December 2022 have been reclassified to maintain consistency with the current year's presentation.

The above reclassification incorporated in the consolidated financial statements is as required IAS 1 Presentation of financial statements.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

39 Reclassification of comparative figures (continued)

	As previously reported AED ('000)	Reclassification AED ('000)	As reclassified AED ('000)
31 December 2022			
Statement of financial position			
Current assets			
Trade and other receivables	891,034	40,866	931,900
Government compensation receivable	40,866	(40,866)	-

	As previously reported AED ('000)	Reclassification AED ('000)	As reclassified AED ('000)
31 December 2022			
Statement of cashflows			
Cash flows from operating activities			
Movement in working capital:			
Trade and other receivables	(23,342)	(34,967)	(58,309)
Government compensation receivable	(30,583)	30,583	-
Trade and other payables	(64,199)	3,948	(60,251)
Other provisions	-	(18,832)	(18,832)
Purchase of properties, plant, and equipment	(136,601)	19,268	(117,333)

40 Subsequent events

Subsequent to the reporting period, the Company's Board of Directors have approved the purchase of 10% shareholding owned by Tanmeya Energy B.V. (TCV) ("Seller" - minority shareholder) in Abu Auf Netherlands, for a consideration of AED 82,174 thousand (equivalent to USD 22,360 thousand). The completion of the transfer of shares from Seller to the Company will increase the ownership stake of the Company in Abu Auf Netherlands from 60% to 70%. Relevant agreements and execution of respective legal matters in respect of the purchase are still ongoing.

In order to streamline the corporate structure, the board has agreed to the proposed voluntary liquidation of multiple dormant subsidiaries of the Company which has no significant assets or liabilities and have not engaged with any commercial activities since incorporation. Furthermore, the Company will also commence the process of merging two wholly owned subsidiaries. None of the afore mentioned actions will result in any adverse or otherwise impact on the Group's financial or operational performance nor any significant change to its share price or capital structure.