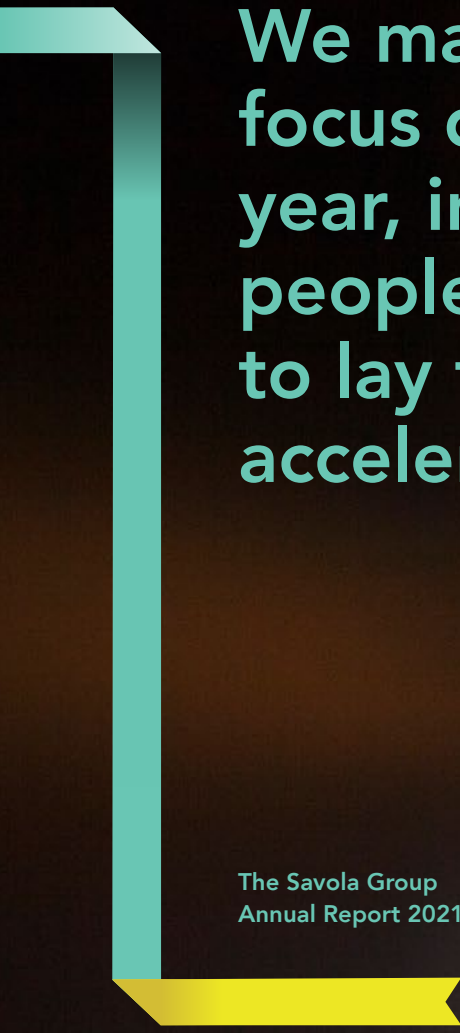


Maintaining Strategic Focus and Transforming for the Future

ANNUAL
REPORT
2021



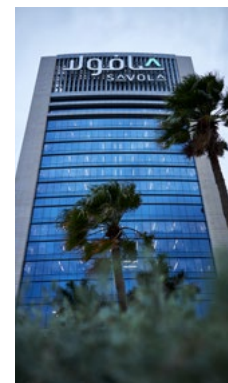


We maintained our strategic focus during another challenging year, investing in our business, people and digital capabilities to lay the foundation for accelerating growth.

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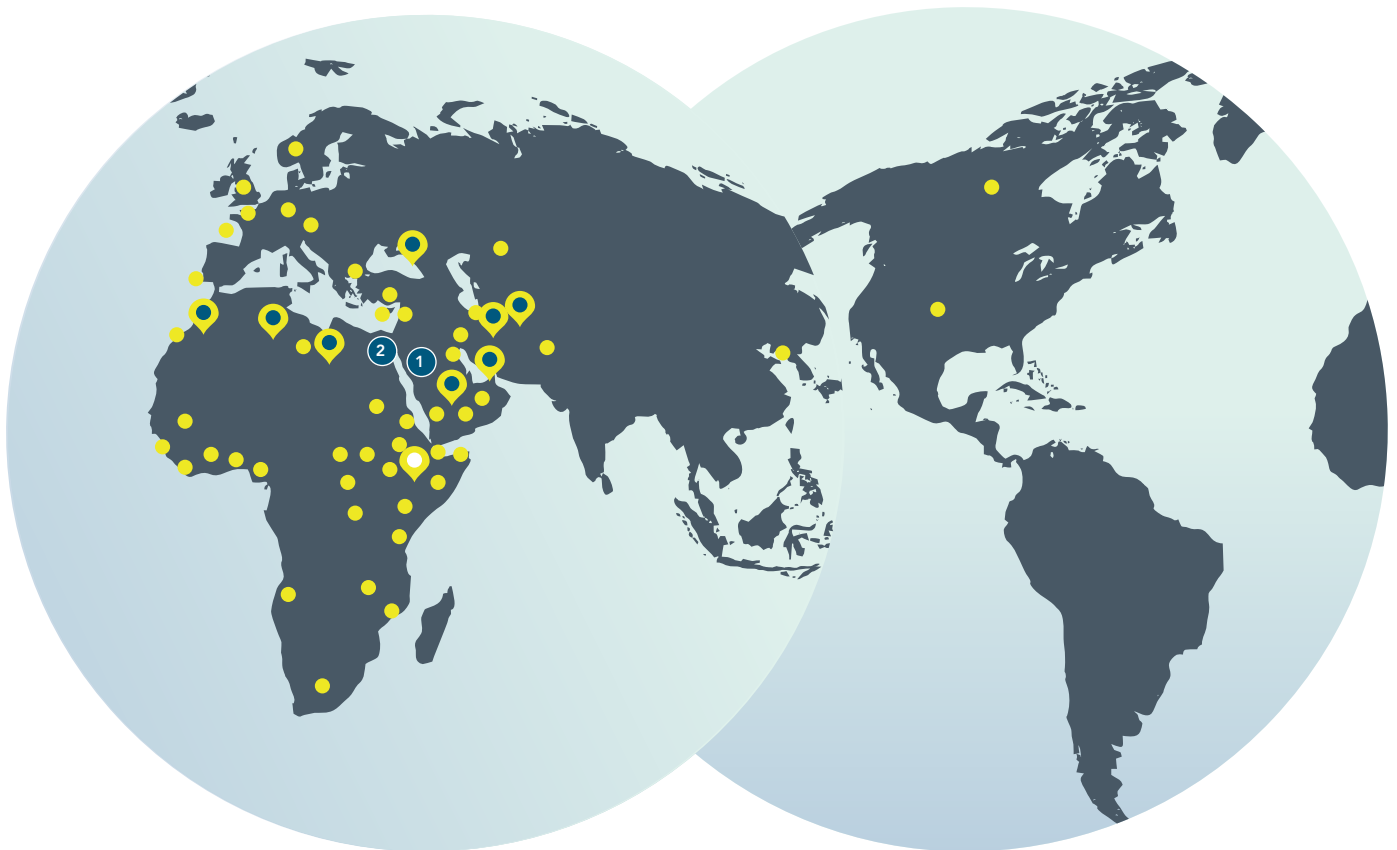
Overview

Savola Group is a strategic investment holding company with a diverse portfolio of market-leading brands in the food and retail sectors across the MENA region.

AT A GLANCE

A leading Strategic Investor in Food and Retail

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



1

Saudi Arabia
Panda Stores: 191
Herfy Stores: 387

2

Egypt
Panda Stores: 4



Major / Manufacturing Markets

- Saudi Arabia
- Egypt
- Algeria
- Sudan
- Morocco
- UAE
- Others



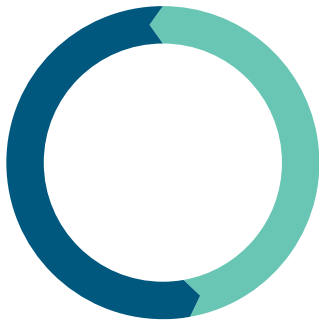
Export Markets

- | | | | | | |
|----------|------------|------------|-----------------|--------------|----------------|
| Angola | Eritrea | Lebanon | Mozambique | Sierra Leone | Uganda |
| Bahrain | Ethiopia | Liberia | Netherlands | Somalia | United Kingdom |
| Benin | France | Libya | North Macedonia | South Africa | USA |
| Burundi | Germany | Madagascar | Oman | South Sudan | Yemen |
| Cameroon | Ghana | Malawi | Pakistan | Spain | Others |
| Canada | Jordan | Mali | Palestine | Sudan | |
| Comoros | Kazakhstan | Mauritania | Rwanda | Sweden | |
| DRC | Kenya | Mauritius | Senegal | Tanzania | |
| Djibouti | Kuwait | Morocco | | | |

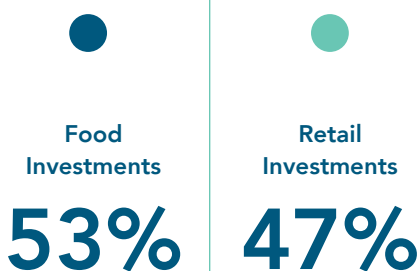
For over 4 decades, Savola has built our brand and solidified our reputation for creating “Value Built on Values” through our diverse and expanding portfolio of investments in leading food and retail companies.

Our unique market position and value proposition is known and trusted worldwide, driven by our commitment in applying our reach and resources for sustainability impact for our business, people, environment, and community, including through the Group and our standalone Savola World Foundation in these areas.

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



Group Revenue



Our Food Investments

Our food vertical is made up of a portfolio of investments in large, branded categories across the MENA region. Savola Foods is a leader in basic branded consumer packaged goods, which are produced in more than 8 countries and exported to over 50 markets. We are proud to say that many of our products are market leaders in their respective categories. Through our commitment to strategic growth, we continue to innovate in our markets, build on our range of established products and diversify into higher-value items.

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

Savola Ownership

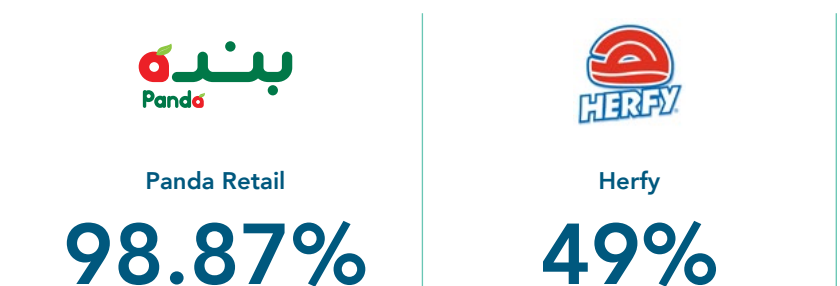


Our Retail Investments

Our retail vertical is headed by Panda Retail, the largest modern grocery chain in Saudi Arabia with a total of 195 stores (including 4 stores in Egypt), serving more than 90 million customers annually. Panda boasts a proud history, a leading market share and formidable geographic reach.

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

Savola Ownership



STRATEGIC AND FINANCIAL HIGHLIGHTS

Accelerating Transformation While Driving Revenue Growth

Savola Group achieved a solid revenue growth driven by our Foods segment, while transforming and investing for the future during 2021. In a highly competitive market, with increases in global food commodity prices and a changing grocery retail landscape in Saudi Arabia, we maintained focus on our strategic priorities and managed costs to achieve strong topline growth and maintain profitability for the year.

With great strength, focus and persistence, Savola leveraged the unique market position and proposition to drive revenue growth and maintain stable profit margins, while preserving our leading market share and strengthening our balance sheet during a year characterized by substantial headwinds across our markets.

Revenue

(SAR billion)

24.7

13.7% 

Sales revenue for the Group jumped by 13.7%, from SAR 21.7 billion in 2020 to reach SAR 24.7 billion this year. This growth was the result of strong topline growth of our Foods segment by 46%, which was partially offset by a 10% drop in revenues from our Retail segment caused by a significant decrease in consumer numbers, lower consumer spend, and the full-year impact of the rise of VAT to 15% in the Kingdom.

Savola's full-year net profit decreased to SAR 222 million on a rise in impairment loss, lower share of profit from associates, higher Zakat and tax expenses, and Zakat and tax provision reversal recorded in the previous year. This is equivalent to earnings per share of SAR 0.42 compared to SAR 1.71 in 2020.

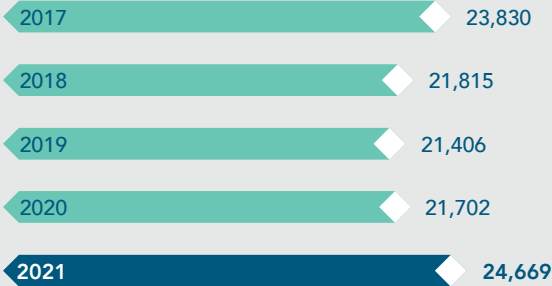
To spur future growth, we activated our venture capital program this year, seeking to diversify our offerings within our core food and retail segments, while accelerating our transformational journey from a commodities-based food provider toward a value-added model that will secure our growth trajectory going forward.

In the year ahead, we will continue to invest and transform, driving digitization and diversification into healthier, youth-oriented categories while upgrading our retail proposition – both physical and digital – to better serve customers, drive growth and generate sustainable shareholder value.

Revenue
(SAR million)

24,669

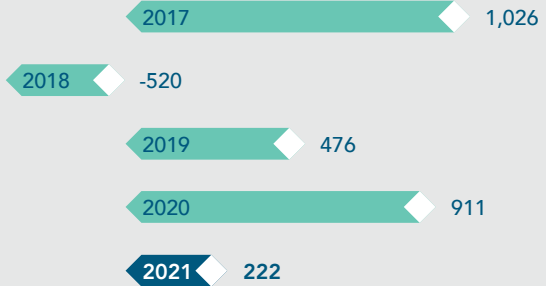
13.7% 



Net Profit
(SAR million)

222

75.6% 



Gross Profit
(SAR million)

4,479

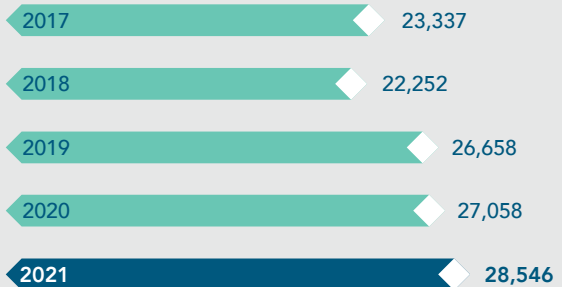
3.5% 



Total Assets
(SAR million)

28,546

5.5% 



Shareholders' Equity
(SAR million)

8,079

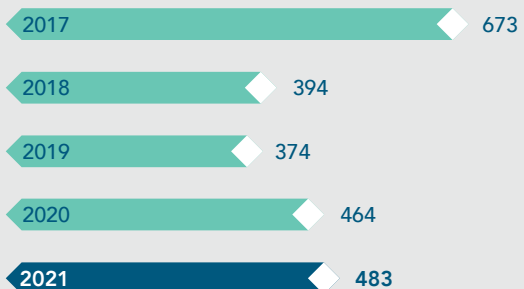
1.9% 



Capital Expenditure
(SAR million)

483

4.12% 



OUR JOURNEY

Growth and Diversification

Adding value for our stakeholders since 1979



1970s – 1980s

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

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

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



2010s

2010
Savola launches its first CSR program, 'Makeen', to train and empower people with disabilities.

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

2011
Standard & Poor's, Hawkamah and the International Finance Corporation rank Savola 2nd among top-listed companies in the Arab world for governance and transparency.

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



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

SAR 1.5b Sukuk

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

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

Savola Foods launches Afia Distribution Company in Saudi Arabia.

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

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

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

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

Savola launches its 2nd CSR program, 'Negaderha'.

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

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



2018
Savola acquires a majority stake (51%) in Al Kabeer, one of the region's leading frozen foods companies.

1990s

1991

Acquisition of a 40% shareholding in Almarai.

1992

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

Savola Bahrain and Savola Egypt commence edible oil operations.

1993

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

1995

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

Savola Foods establishes an edible oil factory in Egypt.

1998

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

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



2000s

2003

Savola Foods establishes edible oil businesses in Morocco and Sudan.

2004

Panda launches the Hyper Panda format.

2005

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



2006

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

2008

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

2009

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

2020

2019

Savola issues the 2nd tranche of Sukuk, pursuant to a new program in an aggregate amount of SAR 1 billion.

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

Standard & Poor's, Hawkamah and the International Finance Corporation rank Savola 4th among top-listed companies in the Arab world for governance and transparency.

Top-listed company

2020

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

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

Forbes

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

2021

Inclusivity



Joining The Valuable 500 Initiative

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

Bayara



Acquisition of Bayara

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

YEAR IN REVIEW

Strategic Focus, and Effective Progress in 2021

March

Establishment of 3 ESG Management Committees

Savola Group formed 3 management committees (from the Executive Management) to promote knowledge exchange in vital areas and drive sustainable impact across the Group and its footprint. The Social Responsibility Committee is dedicated to developing a strategy for the Group’s activities and initiatives related to social impact, while the Environment Committee is dedicated to building and implementing the Group’s environmental policy, and the Government Relations Committee is to establish and maintain effective relationships with key ministries and other relevant government bodies.



May

Joining The Valuable 500 Initiative

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

June

Named among the ‘Top 100 Companies in The Region’ by Forbes

Savola was ranked 36th in the Middle East by *Forbes Middle East Magazine*, in its annual list of Top 100 companies in the region. The ranking by the leading business and financial publication was based on market value, sales, assets and profits.

June

Our Brands recognized as ‘Made in Saudi’

Several leading Savola Group brands – Panda, Afia, Alarabi, and Alosra – were welcomed into the ‘Made in Saudi’ program, an initiative of the National Industrial Development and Logistics Program (NIDLP) led by Saudi Exports that supports Saudi businesses by encouraging local consumers to buy more locally made products and by increasing their exports to priority markets.



July

Investment in Munchbox

In line with Savola Foods’ growth strategy (ABCD) – Anchor, Bet, Conquer, Disrupt, a subsidiary of Savola Group, we invested in Munchbox, to target high growth, youth focused markets. Established in 2014, Munchbox is a healthy snack manufacturer with a strong presence in the snack market in the UAE and accelerating growth in Saudi Arabia is part of our growth plan for the brand.



July

Caper Investment

Savola Group invested SAR 18.8 million in Caper AI, a leader in smart cart and smart checkout technology that works to create a unified online and in-store commerce solution for retailers. Following our investment, in July, Caper was acquired by Instacart, a global eCommerce player.

July

Recognized as a 'Great Place to Work'

For the third year running, Savola Group was named one of the Best Places to Work. A testament of our commitment to creating a positive, diverse and engaging workplace for all our employees, this recognition is published by leading global workplace culture authority Great Place to Work® Middle East.

September

Launch of 'Discover Your Path' Program

Savola World Foundation partnered with Mohammed bin Salman (Misk) Foundation to launch the 'Discover Your Path' Program, which enables high school students to explore their professional preferences and select the most appropriate future career paths.

September

Capiter Investment

Savola Group invested SAR 18.8 million in Capiter, an Egypt-based B2B marketplace that brings FMCGs, wholesalers and merchants together on the same mobile app-based platform, enabling merchants to order their products through the platform and also receive credit facilities.

October

Acquisition of Bayara

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



October

Creating the Panda Store of the Future

Panda successfully rolled out the prototype for its 'Store of the future' in 2 stores, showcasing the brand's latest concepts in the fresh, grocery food, and non-food sections of our stores. Bringing together emerging consumer preferences for frozen and healthy foods, beauty sections and coffee shops, this marks a critical turning point in the transformation of Panda, which will accelerate next year as the rollout continues across our footprint.

October

Supporting Forsa Business Assistance

Savola Group partnered with the Human Resources Development Fund to support its Forsa Business Assistance Program, an initiative that seeks to connect SMEs with procurement opportunities in major entities, thereby accelerating their contribution to the national economy.



December

Recognized for Excellence in Corporate Governance

Savola Group received the Excellence Award for the third consecutive year, for being one of the top 10 publicly listed companies in Saudi Arabia in the Corporate Governance Index (CGI) by the Corporate Governance Center at the College of Business of Al-Faisal University during the 3rd Global Conference for Corporate Governance.

YEAR IN REVIEW

Savola's Ongoing COVID-19 Response

We offered our employees and their families first vaccine doses at the Savola Group Tower offices

In response to COVID-19, our primary focus remained on the health and safety of our employees, their families, and broader society throughout the gradual return to normal activities during 2021.

The Savola Crisis Committee continued to ensure full implementation of the guidelines released by the Kingdom's authorities, including the Ministry of Health, to prevent the spread of COVID-19. These measures included the mandatory use of face masks, safe social distancing, and entrance restrictions for visitors to our HQ.

In cooperation with the Ministry, and in response to their recommendation that all individuals be vaccinated against COVID-19, we offered our employees and their families first vaccine doses at the Savola Group Tower offices.

Leveraging the robust home-working protocols established in the previous year, we maintained our ability to transition to remote working quickly and efficiently to reflect the prevailing COVID-19 guidelines.



Maintaining Strategic Focus and Transforming for the Future

Activated
our investment
strategy



Accelerated
our digital
transformation



Built our
talent base



Savola Group succeeded in turning challenges into opportunities in 2020, acting with agility and resilience to support our people, serve our customers, drive food security across our markets, and deliver a strong performance under the unique market conditions caused by the COVID-19 pandemic.

In 2021, our resilience once again shone though, as we activated our investment strategy, accelerated our digital transformation and built our talent base. By maintaining our strategic focus and accelerating our transformation, we took significant strides towards our vision of becoming the region's leading food and retail focused strategic investment holding company, with a truly diversified and integrated portfolio of beloved brands, and a commitment to sustainability and the needs of consumers at our core.

Focused on fulfilling this unique value proposition for our shareholders and all our stakeholders, we continued to develop and diversify our products mix, channels and capabilities, investing for the future while navigating the unprecedented challenges caused by the pandemic on our markets, costs and supply chains, to position Savola Group for a new phase of sustainable growth and diversification in the years ahead.



INVESTMENT CASE

A Unique Investment Proposition



A Regional Leader in Food and Retail

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

SAR 24 billion

One of the largest food and retail players in the region with an annual turnover of over SAR 24 billion

Forbes Top 100

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

#1 Staple food business

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

#1 Grocery retailer

#1 grocery retailer in Saudi Arabia, Panda has strong brand equity and almost 25% market share in the attractive and under-penetrated modern retail space of the GCC's largest market

Largest shareholder

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



Consumer Understanding and Unique MENA Footprint

190+ stores

Dominant retail footprint with 190+ Panda and HyperPanda stores in 40+ cities across the Kingdom, with 90+ million annual transactions and the largest logistics network in Saudi Arabia

Serving 400+ million potential customers

Direct manufacturing and distribution strength in more than 8 countries, with 14 facilities serving a combined population of more than 400 million

Attractive exposure

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

Extensive knowledge

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

Customer-centric

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



Successful Track Record of Dynamic Capital Allocation

Unique investment model

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

Experienced leadership

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

40+ years

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

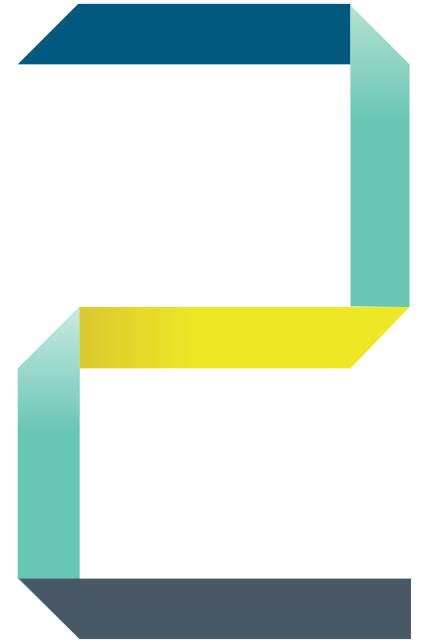
Sustainable growth

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



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Strategic Review

We overcame significant headwinds to deliver a solid performance during 2021, demonstrating our resilience, strategic focus and commitment to sustainable value creation.

CHAIRMAN'S STATEMENT

Maintaining Strategic Focus and Transforming for the Future



Savola Group has maintained focus on its strategy throughout 2021, building the foundations necessary for its transformation and investing strategically to achieve future growth plans, despite persistent headwinds as a result of the continued pandemic environment.

The year saw Savola Group exhibit considerable resilience to achieve a solid performance across the majority of our operating companies and countries where we operate, by adapting to changing market and demand dynamics with agility and purpose.

We are driven by our core corporate values, which are evident across all facets of the Group's business and serve as the foundations of our

ongoing transformation, progress, and success. By applying the key pillars of this approach – Persistence, Righteousness, Integrity and Fulfilment – on a daily basis, Savola continues to create 'Value based on Values', including through efforts to establish the Group as the socially and environmentally responsible employer of choice in the Saudi food and retail industry.

Saudi Vision 2030



Savola is committed to realizing the goals of Saudi Vision 2030, and continues to engage with national entities through initiatives that seek to advance progress toward the Kingdom's socio-economic development objectives.

Nurturing our People

Savola Group is dedicated to providing a safe, secure and rewarding working environment in which our people can grow and succeed. We are proud of the diversity of our workforce, and seek to create an equitable balance of male, female and people with disabilities among our staff. We maintained our exceptional employee retention rate at 92.59% of our total workforce during 2021.

A testament to our drive toward inclusivity, Savola joined the Valuable 500 global initiative in 2021, which aims to enhance the inclusion of people with disabilities through the business sector as a major driver of social change.

We also take pride in our leading position in the sector with regard to Saudization, embodied by the Platinum Nitaqat rating maintained at our HQ. Saudi nationals now represent over 73% of our workforce, demonstrating the depths of our commitment to the objectives of Saudi Vision of 2030.

In 2021 we delivered a range of initiatives to support our staff and provide a uniquely rewarding culture, including our Long-Term Incentive Program (LTIP) for our senior management team, employee recognition initiatives, and "Tawer" Employee Engagement Program.

Robust Environmental, Social and Corporate Governance Structures

In order to consolidate Group social responsibility and government relations activities under a common vision and purpose in 2021, Savola established 3 new management committees to promote knowledge exchange in vital areas – the Government Relations Committee, the Corporate Social Responsibility (CSR) Committee and the Sustainability and Environment Committee.

Across these new committees, Savola aims to establish and maintain effective relationships with key ministries and other relevant government bodies; align Group

CSR efforts through multiple programs and activities; and implement the Group's environmental initiatives, whilst also providing oversight for all activities in the areas of energy, water, waste management, recycling and gas emissions.

Our commitment to sustainability remains at the heart of the Group's strategy and is embodied by the work of the Savola World Foundation, our dedicated CSR vehicle tasked with promoting business assistance, youth skills development and environmental stewardship in the Kingdom.

Meanwhile, our robust Corporate Governance structures serve to propel continued success in meeting our commitments with respect to transparency and accountability, while also fulfilling our promises to our shareholders, employees and other stakeholders across our operations and geographic footprint. As a culmination of these efforts, Savola was rated among the top 10 companies in the Kingdom in the Corporate Governance Index (CGI) for the third consecutive year by the Corporate Governance Center of Alfaisal University.

Supporting the Kingdom's Vision 2030

Savola is committed to realizing the goals of Saudi Vision 2030, and continues to engage with national entities through initiatives that seek to advance progress toward the Kingdom's socio-economic development objectives.

Showcasing our commitments to national economic objectives, our brands such as Panda, Afia, Alosra, and Alarabi, remain distinguished 'Made in KSA' brands with regional aspirations, reflecting the key goals of Saudi Vision 2030.

In 2021, the Group engaged with the "Forsa" business assistance program, an initiative of the Human Resources Development Fund that seeks to connect SMEs with procurement opportunities in major entities, thereby accelerating their contribution to the national economy. Afia International, United Sugar Company and Al Kabeer Group have all now registered on the Forsa platform.

The Savola World Foundation liaised with the General Authority for Small and Medium Enterprises (Monsha'at) in 2021 to study proposals to support SMEs and micro-businesses in the Kingdom. The focus of the Foundation's engagement with Monsha'at was on the means to diversify GDP by supporting local companies operating in food, retail and other relevant industries.

The Foundation also engaged with the National Transformation Program in 2021, establishing cooperative links with relevant official authorities to achieve common social and economic goals.

Acknowledgements

On behalf of the Board, I wish to thank the Saudi Government, our shareholders and stakeholders for their continued support throughout 2021, as Savola builds upon its extensive legacy to deliver 'Value based on Values' for our customers across the Kingdom and beyond.

I would also like to thank our skilled Executive Management team for their foresight, leadership and adaptability in navigating the challenges we have faced in recent years.

Above all, I wish to express my appreciation to our dedicated employees, whose tireless efforts continue to propel the Group toward success and growth.

As we enter 2022, we remain committed to delivering increasing value for all of our stakeholders by building on our success to achieve sustainable social, environmental and financial returns.

Sulaiman A. Al Muhaidib
Chairman

BOARD OF DIRECTORS AND MEMBER CLASSIFICATION

Mr. Sulaiman Abdulkadir Al Muhaidib

Board Chairman
Non-Executive



Current positions: Chairman of the Board of Abdulkadir, Al Muhaidib & Sons., Board Member of Almarai, Rafal Real Estate, Al Muhaidib Holding, ACWA Power, Vision Invest, and many other companies

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

Qualifications: Degree from the Faculty of Medicine - King Saud University, KSA

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

Mr. Bader Abdullah Al Issa

Board Vice Chairman
Non-Executive



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

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

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

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

Certified Financial Analyst (CFA)

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

Mr. Essam Abdulkadir Al Muhaidib

Board Member
Non-Executive



Current positions: Managing Director of Al Muhaidib & Sons and Board Member of several companies

Previous positions: A number of managerial and leadership roles, and Board memberships for Al Muhaidib Group of Companies

Qualifications: Bachelor of Science degree in Statistics - King Saud University, KSA

Experience: Managing several companies in the food and contracting fields. Sits on a number of other Boards

Mr. Abdulaziz Khaled Al Ghufaily

Board Member
Non-Executive



Current positions: Retired – Public sector and Board Member of various companies

Previous positions: General Director of Local Shares Dept, Hassana Investment, and Director of Direct Investments Department of General Organization for Social Insurance (GOSI)

Qualifications: Master's degree in Economics - Western Illinois University, USA

Bachelor's degree in Economics - King Saud University, KSA

Experience: Social insurance, investment portfolios and shares. Sits on a number of other Boards and Committees

Dr. Adnan Abdulfattah Soufi

Board Member
Non-Executive



Current positions: Founder and Managing Partner of DAS Partners, Board Member of Natixis Saudi Arabia Investment, Vice Chairman of SISCO Group's Board, Chairman of the Advisory Committee for the General Authority for Awqaf, and Board Member of Fitaihi Holding

Previous positions: Member of the Board of Commissioners of the Capital Market Authority (CMA) by Royal Decree appointment, Chairman of the Advisory Committee of the CMA Board, CEO of SEDCO Holding, Dean of the Faculty of Economics and Administration as well as Professor of Business Administration and International Finance at King Abdulaziz University (KAU), and Senior Associate Member of Oxford University's St. Antony's College

Qualifications: Fulbright Scholar

Ph.D. in Business Administration and International Finance - George Washington University, USA

Experience: Executive strategist leader, specialized in corporate governance as well as business development, institutional investment, and leading transformation

Eng. Mutaz Qusai Alazawi

Board Member
Non-Executive



Current positions: Managing Director of his Group of Companies, Chairman of Herfy Foods' Board, Vice Chairman of Riyadh Bank Board, Chairman of Qatrania Cement, and Board Member of Mobily, Arabian Cement., SICEP, ST&T, and Wusataa

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

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

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

Mr. Mohammed Ibrahim Al Issa

Board Member
Non-Executive*



Current positions: CFO of Assila Investments, and Board Member of Kinan International Real Estate Development and BlackRock Saudi Arabia

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

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

Experience: Financial management, investments, and financial markets

* Has been reclassified as an independent member during February 2022 as per independency criteria

Mr. Bader Hamad Al Rabiah

Board Member
Independent



Current positions: Vice Chairman of Board and CEO of Noor Al-Salhiya Real Estate, Board and Audit Committee Member of Mezzan Bank, Member of the Board and Audit Committee and Chairman of the Risk Management Committee of Noor Financial Investment, Board Member and Member of the Executive Committee of Al-Manar Finance and Leasing Company, and Member of the Board at Nakheel Agricultural Production Company, MIDCHEM in KSA, International Hotels Group in Jordan, and Ikarus Real Estate in the UAE

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

Qualifications: Bachelor's degree in Accounting - Kuwait University

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

Mr. Fahad Abdullah Al Kassim

Board Member
Independent



Current positions: Managing Partner and Chairman of the Board of Directors of AlKassim Accounting Office

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

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

Management and Leadership Program - Oxford University, UK

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

Mr. Abdulrahman Mohammed Ramzi Addas

Board Member
Independent



Current positions: Chairman of Savola World Board of Trustees for CSR and Member of Savola Group Board and the Remuneration and Nomination Committee, Member of the Board, Executive Committee and Audit Committee Member Of Alinma Bank, Chairman of the Board of Diyar Al Khayyal Real Estate Development, Chairman and Risk Management Committee Member of Tunisian Saudi Bank , Board Member of Al Rabie Saudi Food and Chairman of the Audit Committee, Board Member and Chairman of the Investment Committee and Member of the Nomination and Remuneration Committee at Environment Fund, Member of the Risk Committee at Saudi Ground Services, Member of the Risk and Compliance Committee of General Authority for Zakat, Tax and Customs, and Member of the Investment and Loans Committees at Agriculture Development Fund

Previous positions: Several senior executive positions at the National Commercial Bank, Managing Director for Real Estate Group in charge of real estate investments, and Member of the Executive and Strategic Committees at SEDCO

Qualifications: Master's degree in Business Administration (Finance major) - University of Denver, USA

Bachelor's degree in Business Administration (First Degree Honors) - King Abdulaziz University, KSA

Experience: Banking, risk management, strategic management and investment

Mr. Rakan Abdulaziz Al Fadl

Board Member
Independent



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

Previous positions: Running his Group of Companies

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

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

GROUP CEO'S MESSAGE

An Active Capital Deployment Strategy to Invest in Our Future



As a leading strategic investment holding company in the Kingdom, Savola Group delivered solid results across most of its verticals despite a very high food commodity global pricing environment and a challenging retail landscape in Saudi Arabia.

During this year, we successfully allocated capital to accelerate our businesses' strategic transformation, including our acquisition of Bayara Holding Company in the UAE – a testament to this philosophy.

Our efficient procurement and supply chain management ensured an improvement in the profitability of our food business, despite global freight and supply chain challenges.

Whilst the Group implemented measures to offset increases to input costs through price increases, grocery sales in the Kingdom during 2021 were significantly impacted by a decline in disposable income, due to the VAT increase, that has increased preference for value-for-money products. Consequently, the hypermarket/supermarket channel in our home market recorded a contraction of 9%, whilst the VAT-adjusted fast-moving consumer goods market declined by 4.8% across 2021.

Group Performance During 2021

Group revenues for 2021 reached SAR 24.7 billion, representing an improvement of 14% over 2020 and a 15% increase compared to pre-pandemic levels in 2019.

Revenues from our Food business rose by 46% year on year to reach SAR 12,630 million. At the same time, the food services segment reported a 22% growth in revenue compared to 2020 to reach SAR 1,314 million. The improvement in results of the Food business was on the back of a recovery in B2B volumes and higher pricing of products.

On the other hand, the Group's Retail segment reported 10% decline in revenue, mainly due to lower basket sizes as result of lower disposable income and the impact of the high base effect of the previous year, reflecting the continuing challenges and pressure on the Saudi modern trade and retail sector.

Savola Foods Company's (SFC) innovation pipeline remained robust, as it delivered a high product rollout rate in 2021 in the B2B space, with numerous new product launches covering multiple segments. Al Kabeer continued to provide high-quality frozen foods to customers, despite supply chain challenges.

Meanwhile, Herfy showed an exceptional speedy recovery post pandemic, which was in line with the B2B recovery mentioned earlier, despite the supply chain challenges.

Our Corporate Growth Strategy

Our robust growth strategy ensured a positive trajectory, despite unabated market disruption, as the Group continues on its transformation journey by investing towards value-added food categories and retail customer experience.

SFC saw improved demands in the B2B and hotel, restaurant and catering (HORECA) segments, as consumers gradually returned to public outlets through the year.

2021 marked a strong start to SFC's ABCD (Anchor, Bet, Conquer, Disrupt) growth strategy. SFC continued to innovate in its core product portfolio, as part of its Anchor pillar. SFC also acquired Bayara in 2021, a leading spices, nuts and snacks business out of the UAE, to activate its Conquer pillar. This acquisition will further SFC's

strategic aim to expand into segments targeting younger generations and enabling the Group to tap into new high-growth, and high-margin segments.

Finally, as part of its Bet pillar, along with a commitment to innovation, SFC has invested into Munchbox, one of the exciting new brands focusing on healthy snacks.

Panda finalized its customer experience program (CXR), which encompassed an updated footprint strategy in 2021. A pilot program was completed in 2021 that demonstrated encouraging initial results for the future of the program as it rolls out in the coming years.

To enhance the in-store experience for customers, Panda deployed the necessary technology infrastructure to augment its operations and enrich the customer experience.

As part of Savola's ongoing digitalization journey, we have committed to major investments in technology to establish a data-driven organization with an unrivalled understanding of consumer behavior.

During the year, SFC also accelerated its innovation agenda through the launch of a major manufacturing digital transformation project, in partnership with global leaders Deloitte and Amazon Web Services. The ambitious project is designed to establish a Smart Factory with cutting-edge technologies to drive efficiency, productivity and safety that will create significant value for our business and stakeholders.

Investing in and Caring for Our People

We continue to position the Group as the employer of choice in the food and retail industries, providing an extensive offering of career advancement opportunities, health and wellness schemes, and employee engagement activities.

Throughout 2021, we remained committed to protecting our people and customers from the ongoing threat posed by the COVID-19 pandemic, reflecting the key priority of our dynamic HR strategy to preserve health and wellbeing across the Group.

Building on our employee value proposition, Savola remains focused on providing a working environment in which our people can grow, thrive and excel, supported by opportunities for self-advancement and professional development.

Food Investments Revenue

(SAR)

13.27bn

The improvement in results of the Food business was on the back of a recovery in B2B volumes and higher pricing of products.

We continued to deliver professional development and training programs for our employees at all levels, achieving most of our learning plan for the year, and collaborated with INSEAD to develop high-potential future leaders by enrolling them in the Developing Emerging Leaders Program.

Acknowledgements

I wish to thank our communities and customers for their continued trust in Savola's ability to consistently meet their everyday needs, and for their support for our stores and brands. We will continue to ensure this support is repaid by delivering exceptional product value and increasingly user-friendly services across our footprint.

I would also like to express my gratitude to our Chairman and Board for their perceptive guidance and support, and to our Executive team, which has demonstrated considerable aptitude in navigating the challenging market conditions in 2021.

Finally, I am indebted to our employees across the Group for their hard work and dedication to our success in uncertain and challenging times.

Waleed Khalid Fatani

Group Chief Executive Officer

EXECUTIVE MANAGEMENT

Mr. Waleed Khalid Fatani



Current position: Group CEO

Previous positions: CEO of Saudi Fransi Capital, Group Treasurer of Abdul Lateef Jamil and Capital Markets and Investment Advisor to the President, General Manager of Deutsche Bank KSA, and various roles with Banque Saudi Fransi including Head of Group Treasury and a Member of several Executive Committees

Qualifications: Bachelor of Science degree in Accounting - California State University, USA

Experience: Over 27 years of banking, financial and investment experience, and experience across a variety of business and financial services sectors

Mr. Sameh M. Hassan



Current position: CEO of Savola Foods Company

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

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

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

Dr. Bander T. Hamooh



Current position: CEO of Panda Retail Company

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

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

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

Mr. Wajid Usman Khan



Current position: Group CFO

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

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

Professional qualifications in Chartered Accountancy

Fellow Member of Institute of Chartered Accountants of Pakistan

Associate Member of Institute of Chartered Accountants of England and Wales

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

Mr. Mohammad Nasr



Current position: Chief Investment Officer

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

Qualifications: Master's degree in Business Administration - London Business School, UK
Bachelor's degree in Industrial and Manufacturing Systems Engineering - Lehigh University, USA

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

Mr. Elnour Ali Saad



Current position: Executive Director, Corporate Governance, Compliance, Legal Affairs, and Board Secretary

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

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

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

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

Experience: Over 19 years in corporate governance, compliance, legal affairs, Board of Directors' affairs, investor relations and shareholders' matters and corporate communications. Significant experience in providing corporate governance and legal consultations in CMA regulations, Companies' Law, preparing complex reports and legal memorandums, contracts and agreements

Mr. Morhaf M. Alsamman



Current position: Executive Director, Human Resources and Corporate Services

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

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

Master's degree in Business Information Technology - DePaul University, USA

Experience: Over 14 years of experience in the field of HR management, mainly covering HR business partnerships, staffing and recruitment, organization development, performance management, training and development, Saudization programs, and HR policies and procedures. Also a member of Herfy's and Al Kabeer Group's Reimbursement and Nomination Committee

Internal Control, Audit, Risk, and Corporate Communications and Marketing Team:

Mr. Aly Assem Barakat



Current position: Group Chief Audit Officer

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

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

Licensed Certified Public Accountant, USA
Chartered Global Management Accountant
Association of International and Professional Accountants

Experience: Over 25 years in the financial sector affairs, internal and external audit and quality assurance, governance, enterprise risk management and compliance

Mr. Yasser Hassan Dahlawi



Current position: Executive Director, Risk Management

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

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

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

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

Mr. Amr Hamzah Almadani



Current position: Director, Corporate Communications and Marketing

Previous positions: Various marketing roles including Head of Shopper Marketing in Panda Retail Company, and marketing positions in Emaar the Economic City and Fakieh Tourism Group

Qualifications: Master's degree in International Business - Hull University, UK

Bachelor's degree in Marketing - King Abdulaziz University, KSA

Experience: Over 13 years of experience in marketing, brand management, media, digital media, communications, public relations and retail

CFO's Review



During 2021, Savola Group demonstrated resilience in delivering a robust performance in every business segment, besides Retail, despite headwinds from inflationary pressures and macroeconomic challenges across all territories.

Our focus will remain on integration of investments to leverage our strength in the Food Processing segment and optimization of our systems to enhance efficiency in our operating model.



Net income for 2021 was SAR 222 million, a contraction from the previous year (2020: SAR 911 million). The Group's results were impacted by a one-off non-cash impairment charge, that amounted to SAR 422 million, lower profitability in the Retail segment and a lower share of income from associates. The impairment charge was the result of a corresponding assessment against certain right-of-use assets, property and equipment and investment in an associate, in accordance with the requirements of IFRS.

Consolidated revenue for 2021 grew by 13.7% to reach SAR 24,669 million (2020: SAR 21,702 million). Top-line growth was primarily achieved on the back of higher volumes in the Food Processing and Food Services segments, which were favorably impacted by higher demand for out-of-home consumption. On the other hand, Retail revenue declined in 2021 due to the higher base established in the previous year and the full-year impact of the VAT increase in Saudi Arabia. Our performance in core markets – the GCC and Egypt– contributed 83% to consolidated revenue and 61% to consolidated net income during 2021 (2020: 88% and 45%, respectively).

Consolidated EBITDA for 2021, amounting to SAR 2,504 million, was lower when compared to the previous year (2020: SAR 2,832 million), mainly due to the decline in the Retail segment's revenue and profitability, despite significant improvement in the Food Processing and Food Services segments.

The Group's net debt increased by 22% to reach SAR 7,086 million as of year-end 2021 (2020: SAR 5,807 million), due to funding requirements for the acquisition of Bayara Holding Limited, UAE, and an increase in financing for working capital driven by higher commodity prices.

In line with the Group's policy to distribute cash dividends, the Board of Directors approved cash dividends to the shareholders of SAR 0.20 per share for the year 2021.

Looking ahead, our focus will remain on integration of investments to diversify our capability in the Food Processing segment and optimization of our systems to enhance efficiency in our operating model. We look forward to embracing these opportunities by capitalizing on the collective strength of our people, guided by our values, to continue to deliver 'Value based on Values'.

Wajid Usman Khan
Group Chief Financial Officer

Consolidated Revenue (SAR)

24.7bn

Top-line growth was primarily achieved on the back of higher volumes in the Food Processing and Food Services segments, which were favorably impacted by higher demand for out-of-home consumption.

OUR BUSINESS MODEL

A Focused Model That Aims for Sustainable Growth

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

Our Strengths



Our Challenges



How we add Value



Our Corporate Values

Our values underpin everything we do, they are a blueprint for concrete actions we take as individuals, as a team and as a company, every day. Since the Group was founded in 1979, this is how we do business:



Strategic Focus

Savola focuses its operations on a long-term consumer trend-driven lens, aiming to dynamically allocate capital to generate long-term value growth.

Strong Governance Framework

A robust governance and transparency framework, prioritized throughout Savola’s history, building shareholder trust.

Infrastructure and Consumer Access

Through our holdings, we possess Saudi Arabia’s largest distribution network, retail space and brand portfolio in the country’s consumer space and touch millions of consumers across all of our markets.

Challenging macro-environment in operating countries, whereas a number of countries introduced economic reforms that may have a negative impact on the purchasing power of consumers

Change in consumer behavior, where consumer preferences and tastes may change in a more pronounced manner that may impact current products and business models

Limited number of transactable assets from the perspective of an investment holding whose key directive is to allocate capital

High relative valuation of food assets, in view of scarcity of sizeable assets that fit strategically with Savola Group’s investment mandate, as well as other factors including the economic and business cycles and their impact on such assets

Leadership and Governance

Savola’s focus as a strategic shareholder is to implement best practices across its portfolio to ensure:

- Alignment of incentives among stakeholders; and
- Selection of the right leaders and management teams to deliver on strategic and operational targets.

Setting Targets and Monitoring Performance

Savola is building the tools required for effective performance management across its portfolio. This includes both short-term and long-term operational and financial KPIs, with periodic reviews and a proactive approach that prioritizes the long-term best interest of the business.

Capital Allocation

Savola aims to maximize returns on investments by deploying or redeploying capital to enhance shareholder returns and create additional value by gaining access to segments with long-term potential within the consumer space. The primary objective is to generate sustainable excess returns over the cost of capital.

Long-Term Strategic Planning

Savola believes that in addition to managing our capital and operating companies for performance and long-term sustainability at the subsidiary level, our role is to look at our markets, our holdings, and our operations with a view to realize our ambition of maximizing our share of consumer spend across our markets profitably over the long-term horizon.

Personal Values

Tawado: Confident Humility; Having the confidence to perform our responsibilities while having the humility to minimize our ego
It’qan: Relentless pursuit of perfection; The ability, willingness, desire, and intention to do our best to ensure that work is completed to the best standards
Azm: Fierce Resolve; Apply what we learn to improve ourselves
Iq’tida: Apprenticeship; To seek out, interact with, and learn from those who are more knowledgeable than us

Group Values

Ihsan Al-Dhan: Trusting; Trusting others’ intentions without doubting them
Mu’azarah: Caring; Provide support to our colleagues to help enable their success
Qabool: Acceptance; Endure the views of others by going beyond tolerance or acceptance
Iq’bal: Approaching; Improve what we do by using what we have learned from the interaction with others

Corporate Values

Taqwa: Conscientiousness; Fulfillment of our responsibility toward external parties
Amanah: Honesty; Fulfillment of our responsibilities towards investors
Mujahadah: Personal control; Achieving the personal discipline necessary to fulfill our responsibilities
Birr: Caring Justice; Fulfillment of our responsibility toward our colleagues and the employees of the company

Food Investments

Our Foods business delivered strong topline growth for 2021 while investing in further strategic diversification towards a higher-value, healthier asset mix and value proposition.





2021 Sales Volume by Business Line

(million MT)



Savola Foods acquired 100% of Bayara for SAR 975 million. The acquisition is pivotal to Savola's growth strategy focused on expansion into high growth, value-added food categories with propositions directed towards the younger population.

(SAR million)

975

FOOD INVESTMENTS

Savola Foods Company

Savola Foods Company (SFC) is a leading food manufacturer creating branded products from facilities across 8 countries and supplying to more than 50 markets around the globe.





SFC Market Share in Key Categories

Category	Addressable Market Value (SAR million)	SFC Share
Edible Oil	12,404	20.8%
Ghee	1,123	37.8%
Pasta	624	40.2%
Sugar	648	68.6%
Seafood	1,832	3.2%
Baked Goods	1,594	3.3%

Savola Shareholding



CAPEX (SAR million)

164

Revenue (SAR billion)

12.63

Throughout 2021, SFC was able to deliver strong results despite the high commodity prices environment and challenging market conditions across the various geographies where it operates. Numerous innovations and commercial initiatives successfully implemented during the course of the year, resulted in significant positive impacts on our market share and net income from our core businesses.

Savola Foods achieved a significant milestone of activating the Conquer and Bet pillars of its **ABCD (Anchor, Bet, Conquer, Disrupt)** growth strategy. To this end, Savola Foods acquired 100% of Bayara for SAR 975 million. The acquisition is pivotal to Savola's growth strategy focused on expansion into high growth, value-added food categories with propositions directed towards the younger population.

Bayara brings well-established sourcing and go-to-market capabilities together with strong potential for synergies with Savola Foods Company. Its business is driven by the prevailing trend towards achieving a healthy lifestyle and a growing younger population.

Savola Foods also completed the first 'Bet' under the ABCD strategy in 2021, by investing in Munchbox, which is a promising startup in the healthy snacking space in the UAE with great traction and growth ambitions in the KSA. Savola Foods has now begun to support the brand with its expansion into the Saudi market, beginning with the penetration into multiple channels and retailers including Panda and others.

Savola Foods Company in 2021

Despite the lingering effects of the COVID-19 pandemic in 2021, Savola Foods Company witnessed a significant improvement in performance, buoyed by strong oil sales growth in 2021, largely driven by our value for money brands and growth in B2B and HORECA channels owing to the gradual return to outlets following the relaxation of measures to stem the spread of COVID-19.

These new segments included tuna in both Egypt and Central Asia, and the expansion of our pasta presence in the Saudi market with the addition of the flagship Italiano brand in Panda stores, which already accounts for a 15% share of the segment for our retail arm.

FOOD INVESTMENTS

Savola Foods Company

SFC delivered an improvement in terms of profitability in 2021 despite several businesses facing a variety of non-operational challenges.

SFC delivered an improvement in terms of profitability in 2021 despite several businesses facing a variety of non-operational challenges.

SFC's oil businesses in Saudi Arabia and Egypt generated significantly better gross margins in the first half of the year backed by advanced procurement of edible crude oil at low prices.

SFC's owned subsidiary, International Food Industries (IFI), successfully reduced its losses through increased volumes in 2021, whilst Alexandria Sugar Company achieved a turnaround from a loss in 2020 to achieve a profit for the year on the back of higher sugar prices, better yields and higher refined quantities.

In Sudan, we exceeded our targets to deliver an increase in performance over 2020, with both volumes and processing increasing for the year.

Nonetheless, our businesses were undermined by inflated raw material prices, and packaging and freight costs, which all rose substantially in 2021. Whilst management moved to offset these increases through price rises, the shift in consumer preferences toward value-for-money brands led to a reduction in margins.

United Sugar Co. Egypt (USCE) profits declined due to lower non-operational income and higher raw sugar prices that could not be passed into the local market, while the performance of our Turkey business was impacted by currency devaluation.

In Saudi Arabia, new entrants in the local market and intensifying competition have impacted local sugar sales.

Products and Innovation

Despite the negative effects of inflationary movements in commodity prices in 2021, our Food Investments innovation pipeline remained robust, with product launches continuing throughout the year across our various segments.

Savola's product rollout in 2021 in the B2B space was marked by exceptionally high activity, with 25 new product launches in multiple segments ranging from new Bakery and Dairy items, through Fats, Confectionary and Food Service, leveraging the active engagement of all operating units with business partners in developing and customizing product formulas.

During the year, SFC also commenced on a digital transformation project for its manufacturing capabilities by collaborating with international leaders in this space, Deloitte and Amazon Web Services. Together, we're implementing an innovative smart factory solution that will bring cloud-based IoT applications into our manufacturing operations. Our vision for the new factory will be an integrated value chain of production activities enabled by digital technologies to efficiently meet evolving customer expectations by leveraging smart production processes.



Products	BU	Application
Procake (Premium Shortening)	BIC	Bakeries
Fonta Butter Blend BB100 Y	IFI	Bakeries
Bareeq Almas Margarine	IFI	Bakeries
Vala Bella Trans Free	SFT	Bakeries
Al Tahi Oil 650 ml.	AICE	Bakeries
Fonta Butter Blend BB310 Y	IFI	Dairy/ Baking
Fonta Butter Blend BB110 W	IFI	Dairy/ Baking
Al Nahar Shortening	AICE	Dairy, Bakeries
Fonta Butter Blend (White)	IFI	Dairy
Culina RBD Palm Olein 224 Bulk	IFI	Basic Fat for Fontera
Culina Liquid fat 101 (Premium Shortening)	IFI	Biscuits
Culina Shortening NH36M (Basic Shortening)	IFI	Biscuits/Dough fat
Sirma Ghee 5L	SFT	Foodservice
Frying Oil 5L	BIC	Foodservice
Olive Oil 3L	BIC	Foodservice
16 Kg Ghee/Frying/SBO	BIC	Foodservice
17L 80% Palm Olein and 20% SFO	AICA	QSR
Culina Shortening BKFS (Premium Shortening)	IFI	Frying
Culina Shortening Cube NH (Premium Shortening)	IFI	Chicken Broth Cube
Non-Hydrogenated Vegetable Fat (Chicken Stock Fat)	AICE	Chicken Broth Cube
ChocoSpread (Premium Shortening)	BIC	Confectioneries
Wafer Fat (Premium Shortening)	BIC	Confectioneries
Amsfill (Premium CBS)	IFI	Confectioneries
Cullina Spread Fat SCF 300 S (Premium Shortening)	IFI	Confectioneries
Culina White Shortening NHG 40	IFI	Filing Cream for Cake

Afia Top chef
launch in Q4



Olive oil rebranding
in Turkey in Q4



CSR campaign in
Turkey supporting
local farmers in Q4



Olive oil brand won
3 prestigious global
awards Turkey



Ganna won an
EFFIE award in Q4



FOOD INVESTMENTS

Savola Foods Company

● Health	● Novelty	● Value for money	● Sustainability
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INNOVATION LAUNCHED DURING 2021






OILS

● Corn Plus Egypt	● Ladan Sesame Central Asia	● Afia All Natural Algeria	● Dakwa Sudan	● Corn Plus Algeria	● Cooking Olive Oil KSA	● Olive Oil New Shape Central Asia
						
Q1			Q2		Q3	Q4






GHEE AND MARGARINE

● Non Hydro Egypt	● New Ganna Egypt (new formula)	● Ladan Central Asia	● Corn Ghee Central Asia	● Pouch Egypt	
					
Q1		Q2	Q3		Q4

PASTA AND SUGAR

● Sugar Cubes KSA	● New OSRA KSA	● Gourmet	● Jumbo	● Brown Sugar 2 kg KSA	
					
Q1		Q2		Q3	Q4

BAKERY AND TUNA

● Cakes Central Asia	● Double Filling Central Asia	● Strudel Central Asia	● Ladan Tuna Central Asia	● Afia Tuna Egypt	
					
Q1		Q2	Q3		Q4

OUR FOOD INVESTMENTS IN 2022

SFC will continue to actively pursue initiatives under each of the 4 pillars of the ABCD growth strategy in 2022, by building equity and growing its market share for key brands across our geographies, supported by a strong innovation agenda and proactive price management to retain customers in a period of unprecedented commodity price increases.

SFC plans to launch its flagship brand Afia's strong equity for Bayara products during 2022 to penetrate the nuts, pulses, herbs and spices categories in Saudi Arabia, that represents a key growth enabler going forward.



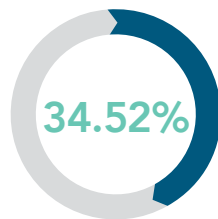
FOOD INVESTMENTS

Almarai

The #1 FMCG brand in the MENA Region, Almarai is the world's largest vertically integrated dairy company and the region's largest food and beverage manufacturing and distribution company. With a 34.52% holding in the company, Savola Group is the largest shareholder in Almarai.



Savola Shareholding



Market Share



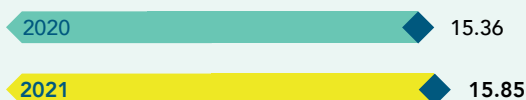
Almarai preserved its leading market share across multiple segments, including dairy, juice and poultry



Revenue

(SAR billion)

15.85



Net Income

(SAR million)

1,564



Earnings Per Share

(SAR)

1.59



About Almarai

Founded in 1977 and one of Saudi Arabia's leading brands, Almarai is trusted for its quality throughout the Kingdom, the GCC and beyond. As a key pillar of the MENA food market and a leader in major food categories such as dairy, bakery, poultry and juice, Almarai provides quality and nutritious products to millions of customers across the region. Almarai remains at the forefront of innovation in the sector, introducing new product offerings that cater to the evolving needs of the local population while playing a key role in the Kingdom's food security.

Financial and Strategic Highlights in 2021

In 2021, Almarai navigated a challenging operating environment to deliver on its promises to its stakeholders across the Kingdom and throughout its international markets. It demonstrated considerable resilience to ensure product quality and availability in its markets, while investing for growth in its core categories and strategic markets.

Almarai announced new investments worth SAR 6.6 billion to double production operations in the poultry sector in the Kingdom by 2026. These investments are intended to increase the company's share of chilled chicken, which currently represents 96% of its total production, along with its production and share of frozen poultry. It also invested in the growth of its bakery businesses, entered the red meat industry with an initial investment of SAR 250 million, and expanded its strategic footprint through the acquisition of a dairy and juice production facility in the UAE.

Almarai preserved its leading market share across multiple segments, including dairy, juice and poultry. Overall revenue for 2021 grew by 3% over 2020, while net income declined by 21% for the year.

Driven by its enduring commitment to provide 'quality that you can trust', Almarai launched a range of new products to meet consumer tastes, as it worked closely with partners, customers and suppliers across its value chain to increase efficiency, performance and dependability throughout the continuing volatility and uncertainty generated by the COVID-19 pandemic.

FOOD INVESTMENTS

Al Kabeer

Al Kabeer is a leading frozen food supplier and a household name in the Middle East, having served the people of the GCC since 1974. With a 51% holding in the company, Savola Group is the largest shareholder in Al Kabeer.



Savola Shareholding



Expanding the Kingdom's Manufacturing Base



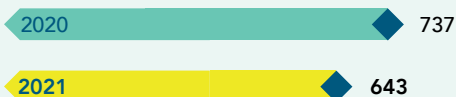
Al Kabeer supports the ongoing efforts to expand the Kingdom's local manufacturing base, cold chain distribution and food security orientation, from its new processing facility in King Abdullah Economic City (KAEC).



Revenue

(SAR million)

643



Net Profit

(SAR million)

81



About Al Kabeer

Manufacturing and distributing a portfolio of more than 200 products, from frozen poultry, beef and seafood to snacks and ready-to-eat meals, Al Kabeer is trusted by consumers across the Middle East. It maintains 3 key manufacturing facilities, located in the UAE and Saudi Arabia, producing items for distribution via a network of 9 cold storage facilities and 11,000 outlets in the GCC.

Financial and Strategic Highlights in 2021

Al Kabeer continued to play an important role in providing high-quality frozen foods to customers across the GCC, despite a complex and challenging market this year. The frozen food segment contracted in 2021 due to higher one-off base of last year and a changing regulatory environment in Saudi Arabia, leading to supply disruptions and higher input costs for Al Kabeer.

While Al Kabeer's revenue grew marginally from pre-COVID levels, this year saw 13% decrease in revenues vs 2020, primarily driven by lower sales in Saudi Arabia on account of supply disruptions. Gross profit reached SAR 230 million, a decline of 13%, however gross margins remained largely in line with 2019 (pre-COVID) levels. EBITDA reached SAR 114 million with 18% margins, while net income reached SAR 81 million with a 13% net margin.

Nevertheless, Al Kabeer continued to play a prominent role in delivering Savola Group's strategy to increase the contribution of value-added categories to its food portfolio. Al Kabeer also supports the ongoing efforts to expand the Kingdom's local manufacturing base, cold chain distribution and food security orientation, from its new processing facility in King Abdullah Economic City (KAEC), with additional complementary expansions to manufacturing lines and cold storage planned in the years to come.

Retail Investments

Our Retail business continued to transform and innovate during 2021, while navigating the changing landscape and pressure on the Saudi modern trade and retail market.

Panda's strategic direction and objectives remained unchanged in 2021. Since 2018, the key goal of our turnaround program has been to deliver a "well-oiled traditional brick and mortar retail machine," thereby fulfilling the Panda purpose to deliver strong financial performance and maximize business value.

Panda Selling Area (m²)

594,357





Total Number of Panda Stores

195



Total Number of Herfy Branches

387



RETAIL INVESTMENTS

Panda Retail

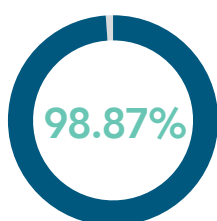
Panda Retail Company (Panda) is one of the Middle East's largest grocery retailers, with 195 stores serving Saudi Arabia and Egypt.



Panda's Transformation Journey

At the important juncture of completing its turnaround and embarking on its transformation journey, Panda underwent a detailed strategy exercise of its Customer Experience ('CX') program which entails deployment of the strategic building blocks across Panda's footprint. The strategy aims to improve overall customer experience while optimizing utilization of our stores and wider footprint; achieving market-related overall rate of growth through store upgrades whilst also achieving the right balance in terms of geographical presence and catchment coverage to serve strategic locations and communities. To this end, one store was successfully piloted in Riyadh which yielded an encouraging improvement in performance.

Savola Shareholding



Revenue (SAR billion)

10.48

Customers served (million)

90+

The lingering effects of the COVID-19 pandemic continued to undermine grocery sales across the sector in 2021, exacerbated by changing consumer behavior in the Kingdom, characterized by a shift towards essential products and value for money in response to the VAT increase which is impacting customer preferences alongside a continued net expat exodus.

Consequently, based on the Nielsen Retail audit for the 11 months ending November 2021 (latest available number at the time of publishing this report), the Saudi hypermarket/supermarket channel recorded its first contraction on record in 2021, declining 9% (VAT adjusted) year-on-year, whilst the fast-moving consumer goods (FMCG) market declined by 4.8% (VAT adjusted) over 2021.

Driven by our enduring goal to consistently improve customer experiences while protecting our market share in a challenging environment, Panda decided to invest in its margins by launching the Lowest-Price-Guaranteed campaign on selected items during the year – mainly in food categories – whilst also expanding its omnichannel.

This allowed us to outperform our market to achieve a 0.5% year-on-year growth in market share to reach 24.4% within the hypermarket and supermarket channel in 2021, maintaining our leadership despite an increasingly competitive environment, which saw 16 new store openings by our competitors in 2021 alone.

Panda's Financial Performance in 2021

Panda Retail recorded a revenue of SAR 10.48 billion for the year, representing a decline of 10% from 2020, primarily driven by lower basket size, especially in comparison to the surge experienced during lockdown in 2020. However, despite continued pressure on the Saudi modern trade and retail market, Panda's revenue in 2021 was largely reflective of pre-pandemic levels.

Gross profit for the year stood at SAR 2 billion with a lower gross margin compared to 2020, at 22%.

RETAIL INVESTMENTS

Panda Retail



Panda achieved an EBITDA of SAR 610 million, compared to SAR 1,000 million in 2020, largely driven by the lower revenues and gross profit, despite lower overhead costs in 2021.

We closed 10 stores during 2021, reducing our footprint to 195 stores in total, including 4 in Egypt. The store closure was driven by our approved footprint strategy to optimize our network and improve quality earnings.

Creating the Panda Store of the Future

Panda's strategic direction and objectives remained unchanged in 2021. Since 2018, the key goal of our turnaround program has been to deliver a "well-oiled traditional brick and mortar retail machine," thereby fulfilling the Panda purpose to deliver strong financial performance and maximize business value.

In 2021, we successfully delivered the prototype of this new "retail machine," triggering a rollout across the network of existing Panda stores and generating financial projections that demonstrate Panda is well underway to achieving its financial ambitions.

The prototype store represents a seminal moment in Panda's evolution, showcasing the latest concepts in the fresh, grocery food, and non-food sections of our stores that incorporate emerging consumer preferences for frozen and healthy foods, beauty sections and coffee shops.

Rolled out to one store in 2021, the prototype aims to deliver unparalleled in-store customer experiences by providing a carefully designed customer journey, featuring key touchpoints and in-store communications as well as customer service amenities, such as single queue checkouts; self-checkouts; click and collect services; and value-adding facilities such as coffee shops.

The prototype also advanced our strategic objectives by bringing together a cross-functional Panda team to deliver under a tight timeline, creating essential bonds between our people that will form a fundamental springboard for the successful rollout of the concept across the entire network.

The reception among our customers was highly enthusiastic, demonstrated by the volume of unsolicited expressions of satisfaction among shoppers and on social media, as well as through a formal focus group study conducted in the first prototype store with customers that shop almost exclusively with our competitors.

The success of the concept has served to pivot Panda toward a customer-centric mindset, inspiring the launch of the new CXR program.

Dedicated to Customer Experience

The Brick and Mortar footprint strategy has triggered the launch of a Customer Experience (CXR) program that entails upgrading the look and feel of our stores, as well as enhancing the entire in-store customer experience.

In 2021, Panda introduced an initiative to ensure consistency in its execution and impact through a Mystery Shopping program, backed by a quantitative Net Promoter Score (NPS) exercise, to pave the way for the successful initiation of the full rollout of the CXR program.

Since 2018, Panda has continued to improve the quality of its grocery offerings, making them more customer-centric and transitioning Panda from a Push Model to a Pull Model – whereby Panda takes back control of its shelves to meet the demands of consumers and satisfies their shopping needs. This has led Panda to re-think its range of categories, mix of products, merchandizing rules and store layouts through the delivery of new zones that refine the customer journey.

In 2021, Panda placed significant focus on developing its workforce models for all roles operating in Panda stores, and on implementing associated recommendations to ensure delivery on the Panda Promise.

Key to the successful operations of the new Pull Model is the need to ensure the right availability of products at store level; to this end, Panda has developed and implemented innovative replenishment methodologies that enable a seamless integrated supply chain based on fluid communications between all the departments concerned.

In 2021, Panda placed significant focus on developing its workforce models for all roles operating in Panda stores, and on implementing associated recommendations to ensure delivery on the Panda Promise. This culminated in the establishment of a “Boot Camp” to develop the required competencies among Store Managers and Assistant Store Managers, to familiarize them with Panda’s new model, thereby helping them to acquire key customer-centric, operational and financial competencies.

Leveraging Technology and Innovation

As part of our ongoing digitalization journey, we have committed to major investments in technology to position Panda as a data-driven organization with an unrivalled understanding of consumer behavior.

Panda implemented 2 new foundational systems in 2021 – Oracle Core Merchandising and Oracle Fusion – to support all of our commercial activities and improve the financial management and reporting of these core business processes.

The implementation of these 2 systems lie at the heart of Panda’s IT transformation journey and will enable additional new capabilities such as CRM and improved demand forecasting and planning for replenishment in 2022. Being cloud-based, these new systems will also allow Panda to benefit from the continuous development of the new capabilities Oracle will incorporate in the future.

We also developed and deployed a dedicated employee app in 2021, which brings together key information to support our people in their day-to-day work whilst also allowing improved employee communication.

PANDA IN 2022

Our strategy is now firmly focused on driving sustainable, profitable growth by accelerating value realization in our core business through the existing brick and mortar footprint of our stores, leveraging all initiatives going forward inspired by the success of our prototype store of the future.

Capitalizing on market trends, Panda will continue to allocate strategic investments to grow its digital infrastructure, expanding its offerings and enabling increased efficiency, particularly through improvements in last-mile delivery capabilities and a variety of in-store automation programs, enhancing experiences for all of our customers across our various channels.



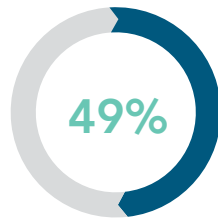
RETAIL INVESTMENTS

Herfy Food Services Company

Herfy is one of Saudi Arabia's best known and most popular fast-food brands and a key player of the nation's Quick Service Restaurant space. With a 49% holding in the company, Savola Group is the largest shareholder in Herfy.



Savola Shareholding



Geographic Footprint



Herfy took a strategic step to expand its geographic footprint this year by signing a Memorandum of Understanding with Eight Right to grant it the franchise rights to open 50 Herfy branches over the next decade.



Revenue

(SAR billion)

1.31



About Herfy

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

Net Profit

(SAR million)

161



Financial and Strategic Highlights in 2021

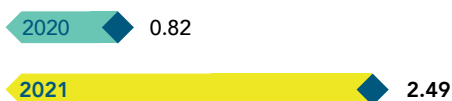
For over 2 decades, Herfy has provided Savola Group with a trusted and beloved brand in the growing Quick Service Restaurant (QSR) space. This year, as the Saudi market began to reopen and rebound from the worst impacts of the COVID-19 pandemic, Herfy was able to gain momentum and capitalize on growing demands for affordable dining options.

Herfy took a strategic step to expand its geographic footprint this year by signing a Memorandum of Understanding with Eight Right to grant it the franchise rights to open 50 branches of Herfy restaurants over a period of 10 years in Nigeria, Africa's most populous country. Herfy also opened its fifth branch in Bangladesh, building on the success of the first 4 branches in the Asian nation.

Earnings Per Share


(SAR)

2.49



Herfy achieved a gross profit of SAR 385 million, representing a rise of 54% over 2020, while the company's net profit reached SAR 161 million and its revenues reached SAR 1,314 million.

Our People



We continued to safeguard our people and build our employee value proposition in 2021, solidifying our position as the employer of choice in Saud Arabia's food and retail sectors.



Our employee value proposition framework features a People Pillars Program, which aims to attract, retain, and motivate leading talent in our industry to establish a highly skilled and capable workforce, whilst also supporting national Saudization objectives.



OUR PEOPLE

Our Most Prized Assets

Savola’s human resources initiatives and programs are dedicated to positioning the Group as the undisputed Employer of Choice in the food and retail industries across our MENA region. Through our extensive offering of career advancement opportunities, health and wellness schemes, and employee engagement activities, we aim to offer an unparalleled employee value proposition and a supportive and equitable working environment for all our people.

Our people are our most prized asset, and throughout 2021 we continued to ensure they were adequately protected from the ongoing threat posed by the COVID-19 pandemic, reflecting the key priority of our dynamic HR strategy to preserve the health and wellbeing of our employees across the Group.

Savola also remains wholly committed to providing a working environment in which our people can grow, thrive, and excel, supported by opportunities for self-advancement and training that provides exceptional professional development paths for staff across our operations.



Total employees

23,643

HQ	SFC	Panda
54	6,330	17,259

Employees in our offices in Saudi Arabia

	HQ	SFC	Panda
17,890	54	1,266	16,570

Female employees in our offices in Saudi Arabia

	HQ	SFC	Panda
1,318	10	54	1,254

Saudi employees

	HQ	SFC	Panda
6,596	37	606	5,953

Employed people with disability

	HQ	SFC	Panda
415	1	100	314

Our People Philosophy



Savola Group aims to be recognized as **an employer of choice in the MENA region in the food and retail industries** – a goal that is reflected throughout our Human Resources strategy. Savola’s guiding proposition – ‘Value Built on Values’ – encapsulates our vision, mission and commitment to our key corporate values and culture.

WE ARE FOCUSED EACH DAY TO:

Attract and sustain the best available talent to meet current and future demands

Adhere to nationalization and enhance our employer brand

Promote an engaging environment that supports change and increases productivity

Leverage technology, social media, and systems to raise the level of HR services standards

Develop a highly skilled workforce that will learn, lead, and respond to challenges

Effectively balance resourcing and cost management

OUR EMPLOYEE VALUE PROPOSITION (EVP)

Our employee value proposition framework features a People Pillars Program, which aims to attract, retain, and motivate leading talent in our industry to establish a highly skilled and capable workforce, whilst also supporting national Saudization objectives.

The People Pillars encapsulate our goal to provide a uniquely rewarding professional environment and culture. They include:

Employee Engagement Pillar

Programs are to improve Savola employees' level of engagement and inclusiveness through capitalizing on respect, trust, integrity, commitment, and communication between Savola and its employees.

Workplace Wellness Pillar

Programs are to support and encourage Savola employees and their families to live a healthy lifestyle.

Work-Life Balance Pillar

Programs are to show Savola excellence in ensuring that our people are enjoying the optimal mix of professional and family time without compromising productivity or efficiency.

Cultural Improvement Pillar

Programs to promote the shared values, attitudes, standards, and beliefs that characterize the employees of Savola and define our culture.



OUR PEOPLE



An engagement survey that was conducted as part of our Tawer Program in 2021 revealed an 80% level of engagement, representing a tangible long-term improvement from the 64% score achieved the first time an engagement survey was conducted.

In 2021, we maintained a steady stream of initiatives and programs to support our employees within each of these People Pillars to ensure a uniquely rewarding culture and working experience for our staff.

These included our efforts to retain key talent in mission critical roles through the Align Program (Long-Term Incentive Program) for top executives, for achieving the Group's strategic objectives initiated in 2020. In 2021, the second tranche of share buy backs began with Savola purchasing 349,076 shares at an average price of SAR 39.89 per share, for a total value of more than SAR 13.9 million.

An engagement survey that was conducted as part of our Tawer Program in 2021 revealed an 80% level of engagement, representing a tangible long-term improvement from the 64% score achieved the first time an engagement survey was conducted. To enhance employee engagement with Savola Group's investments portfolio, we conducted an employee trip to visit the Al Kabeer Group factory – one of the entities recently acquired by Savola.

In 2021, and for the second time, Savola Group was certified and recognized as a Great Place to Work by the global authority of Great Place to Work®, which focuses on identifying outstanding, engaging and high-performance workplace cultures around the world.

As part of our Workplace Wellness Pillar programs, we partnered with the Ministry of Health to provide our employees with COVID-19 and seasonal influenza vaccines; partnered with a leading Saudi hospital group to enhance in-house health care for our employees; and continued to build on employee awareness through initiatives such as World No Tobacco Day, World Health Day, Breast Cancer Awareness and World Diabetes Day. 94% of employees surveyed responded that appropriate precautionary measures were taken to respond to COVID-19, while 92% believe that Savola Group is a physically safe and healthy place to work.

We also continued to adopt family-friendly policies such as flexible working hours and remote working options as part of our Work-Life Balance initiatives, in addition to ensuring the continued availability of Savola Group Tower facilities such as our In-house Clinic, Nursery, Canteen and Mini Market.

Moreover, we continue to facilitate a nursery for our female employees. We also enhanced our Corporate Rate Program to provide a wide range of discounts and exclusive offers by leading brands and corporates for our employees and their families through an interactive mobile application.

Furthermore, our employees responded that Savola Group has special and unique benefits (81%), provided appropriate plans for working remotely during the pandemic (92%) and encourages people to balance their work life and their personal life (81%).

Rewards, Takaful and Social Programs

Savola continued to provide the employees with a range of valuable financial services, such as a home loan scheme for Saudi employees, Takaful insurance to support families in the case of death or disability, and the Al Taawon fund to assist staff in dealing with financial emergencies, which benefitted 47 employees by disbursing SAR 302,108 in 2021.

Complementing our in-house programs under the Cultural Improvements Pillar, our employee recognition initiative saw selected staff rewarded for their continuity and length of service with the Group in 2021. We also reactivated the Sela Program social scheme for informal gatherings outside the workplace and established a 'Thank You Wall' where our employees can express their appreciation to each other.

2021 also saw the launch of a new project to enhance and align SFC's culture across our operating units (OUs). The "Forward Culture" initiative began with a survey of OUs, which achieved a response rate of 86% (5,200 employees) and delivered 34 focus group sessions to collect data for the creation of corporate action plans for deployment in 2022.

In 2021, Panda continued to test and refine its turnaround solutions, in preparation for their full rollout set for 2022. This included preparations for the launch of its new, comprehensive "People Strategy," and further work to define the specific details of how its HR Operating Model will support the execution of the 5-year strategy and deliver transformation through the implementation of a new management culture.

Nationalization

73%

Savola Group is proud to be a leading force for Saudization in our sector, with Saudi nationals representing over 73% of our workforce as of year-end 2021.

Panda rolled out a number of employee engagement initiatives in 2021, including a 1-month campaign to cultivate awareness among our people of the new Panda Vision and Mission. Other successful campaigns included a company-wide effort to spread awareness of Panda's Code of Conduct; 4 virtual conferences to cascade the annual strategy; and an awareness campaign for Panda's new HR Policy Manual.

In October 2021, Panda's CEO held a virtual live session with Panda employees from various departments, stores and seniority levels, to allow for an open discussion and for employees to raise their questions and concerns directly to the CEO and Executive team members, in order to promote transparent communications and organizational alignment.

Savola's Ongoing COVID-19 Response

In response to COVID-19, our primary focus remained the health and safety of our employees, their families, our customers, and broader society throughout the gradual return to normal activities during 2021.

The Savola Crisis Committee continued to ensure full implementation of the guidelines released by the Kingdom's authorities, including the Ministry of Health, to prevent the spread of COVID-19. These measures included the mandatory use of face masks, safe social distancing, and entrance restrictions for visitors to our HQ.

In cooperation with the Ministry of Health, and in response to their recommendation that all individuals be vaccinated against COVID-19, we offered our employees and their families first vaccine doses at the Savola Group Tower offices.

Leveraging the robust home working protocols established in the previous year, we maintained our ability to transition to remote working quickly and efficiently to reflect the prevailing COVID-19 guidelines.

Talent Management and Nationalization

Savola Group is proud to be a leading force for Saudization in our sector, with Saudi nationals representing over 73% of our workforce as of year-end 2021. This high Saudization rate reflects our firm commitment to the objectives of Saudi Vision 2030. We also maintained an exceptional Saudi national employee retention rate during the year of 94.6%, with 92.59% of our total employees retained in 2021 and secured our Platinum Nitaqat rating at the Group Headquarters' level.

SFC has a diverse workforce of 6,200 people across its headquarters and subsidiaries, including Afia International Co., United Sugar Co. and International Food Industries. Reflecting its progress toward achieving the Saudization and workforce equality objectives of the Group, 43% of SFC's employees are Saudi nationals. Meanwhile, for Panda's 16,491-strong workforce, the company carries out a range of Saudization initiatives and activities, reflecting its commitments to Group nationalization policies and targets.

Panda also implemented a scheme to issue salary adjustments for Saudi nationals in 2021, reflecting the decision of the Ministry of Human Resources and Social Development to raise the minimum wage for Saudis. This resulted in the adjustment of all salaries of Saudis earning less than the minimum amount identified by the Ministry. Moreover, Panda relaunched its partnership with the Human Resources Development Fund (HRDF) in 2021, hiring and developing fresh Saudi nationals following the required processes and procedures. Finally, its employee incentive program was redesigned to ensure that all members of its in-store teams work synergistically towards common goals.

Diversity

Savola Group has always been a firm believer and supporter of workforce diversity. We seek to create an equitable balance of men, women and people with disabilities among our staff. Savola Group's employees at Group level are 19% female, while SFC's workforce is 5% female and 2% people with disabilities, and Panda employs 1,295 women and 287 people with disabilities.

OUR PEOPLE

Learning and Development

Savola maintained the continuity of our professional development and training programs for all levels throughout the year, we continued our collaboration with INSEAD to develop high-potential future leaders by enrolling them in the Developing Emerging Leaders Program, and partnered with "Udemy," a global online training provider, to allow employees to access an online platform with more than 180,000 courses to choose from in more than 75 different languages.

Succession planning continued to be a key focal point for Savola HQ in 2021, as we ensured the proper plans and contingencies were in place for key positions across the organization.

Moving forward with our development plan for all employees, we revamped the Savola HQ competencies framework for all levels to reflect our long-term objectives in setting a tailored Individual Development Plan (IDP), especially for high-potential employees and future successors.

SFC continued to operate our Iqtedaa Executive Leadership training program in partnership with McKinsey, with a cohort of 30 participants at the Director and Executive Director levels in 2021, whilst the SFC Functional College provided training to 661 employees across 10 functions and 20 training topics.

SFC also maintained our LinkedIn partnership for our eLearning portal, launched several sales academies – in Egypt, Saudi Arabia, and other countries – and initiated the SYDP (Saudi Youth Development Program) to focus on graduate development.

As part of Panda's ongoing efforts to train, develop and retain our prized human capital, a total of 13,044 employees were enrolled in training programs to cultivate soft and technical skills in 2021.

In-store human capital remains one of the core focus elements in Panda's turnaround program and an area in which significant progress was achieved in 2021. A robust workforce planning methodology was developed for all positions in 2021, with specialized training and development programs launched to upskill and empower our store management to deliver seamless in-store operations and customer experiences. These include the Rowad Development Program – a key initiative of Panda's career development scheme for Saudi nationals, as well as to prepare them for progressively more senior assignments as Supervisors – in alignment with government requirements to nationalize these positions.



Group Synergy

To consolidate and increase synergy efforts between Savola Group and its Operating Companies to maximize the benefits in sustainability and government relations matters, we established 3 new management committees in 2021, ensuring efficiency and knowledge exchange:

The Government Relations Committee

aims to develop a comprehensive government relations strategy with clear objectives, with a view to establishing and maintaining effective relationships with key ministries and other relevant government bodies.



The Corporate Social Responsibility (CSR) Committee

provides strategic oversight of the Group's CSR work and related activities by defining clear and common objectives and aligning the Group's efforts to create competitive advantages through Savola World Foundation programs and related CSR activities.



The Sustainability and Environment Committee

seeks to develop a strategic plan to build and implement the Group's Environmental Policy, as well as to oversee all environmental activities in the areas of energy, water, waste management, recycling, and emissions.

Supporting Savola Group's People in 2022

As well as striving to keep our employees safe amid the ongoing COVID-19 pandemic, Savola Group will continue to build our corporate culture around engaging key talent, to reinforce our position as a leading employer in the Kingdom and our sector.

We will build on our strong employee engagement performance in the year ahead, continuing to listen to our employees needs and concerns, and act with focus, agility, and transparency to continually drive increasing satisfaction. In particular, we will focus on talent management through in-depth assessments, customized employee development plans, involvement of our revamped competency framework, and enhanced learning and development programs for employees of all levels. We will also build positive sentiment through a wide range of Group social activities, committees, team building activities, and other employee-centered initiatives and events.

We will continue to promote better physical and mental health outcomes. Specific programs will be launched in 2022 to assess HR requirements and collect employee feedback; increase Group leadership synergies; expand our talent management capabilities and programs; recognize outstanding employees and reinstate key social activities as the restrictions associated with the COVID-19 pandemic subside.

Meanwhile, SFC will continue to develop and improve its Forward Culture Program throughout 2022 and will place increasing focus on talent development among employees at its headquarters and across the company's subsidiaries.


Similarly, Panda will maintain the momentum gained in building a strong talent management system to attract the best and brightest of the market whilst also retaining key employees in 2022.

Panda will also maintain its comprehensive calendar of initiatives to ensure the happiness, health, and career progression of our talented workforce in the coming year.

Above all, in Savola Group we will redouble our efforts and commitments to build upon our HR strategy to solidify our position as the region's employer of choice in the food and retail industry by providing an unparalleled, uniquely rewarding culture and working experience for our people.



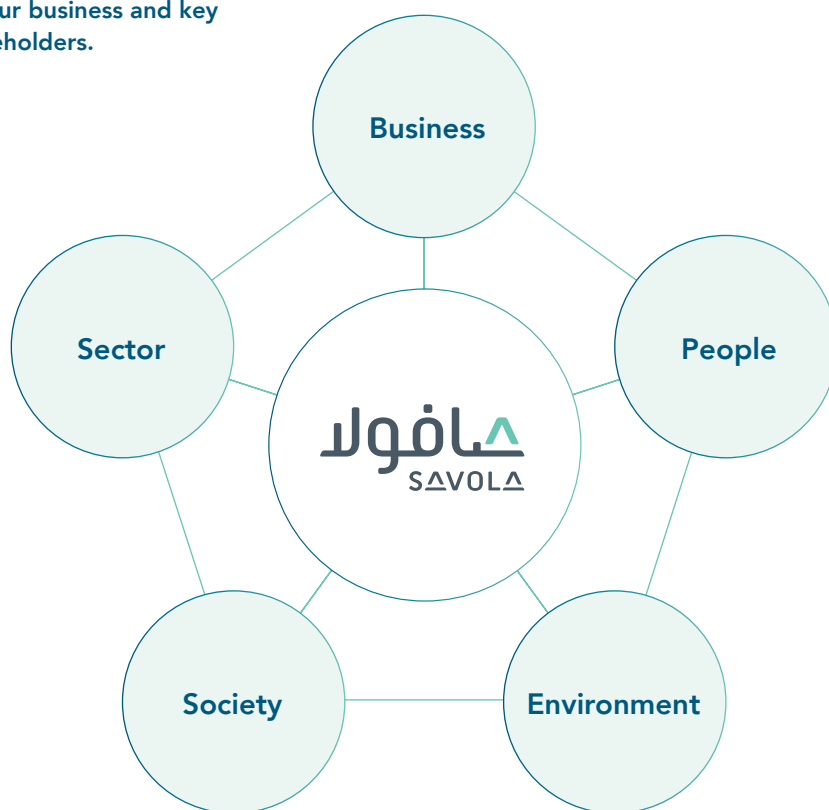
Sustainability and CSR



Our dedication to sustainability is at the heart of our strategy, as we continued to conduct our business in a responsible manner and support the goals of Saudi Vision 2030.



Our responsible business framework ensures continuous and substantial value creation for our business and key stakeholders.



SUSTAINABILITY AND CSR

Responsible Actions. Sustainable Impact.

Savola Group’s deep commitment to the communities and people we serve has long been at the very heart of our strategy, business and culture, influencing our thinking and actions as we seek greater impact and sustainable value creation for all our stakeholders.

As a leading corporate citizen and trailblazer of sustainability in Saudi Arabia, Savola Group remains committed to delivering positive progress for the people and communities of the Kingdom, as well as our employees, sector and environment.

Sustainability is fully embedded in our corporate culture, strategic focus and organizational conduct, and we have made considerable progress over the years in institutionalizing our approach to Sustainability and CSR to maximize our impact, in line with our strategy, the goals of our Savola World Foundation and the broader ambitions of Saudi Vision 2030 and the UN Sustainable Development Goals (SDGs).

Savola Group’s Responsible Business Framework

Our responsible business framework ensures continuous and substantial value creation for our business and key stakeholders.

 Our Business	 Our People	 Our Environment	 Our Society	 Our Sector
<p>Ensuring our Group is run effectively and with integrity.</p> <ul style="list-style-type: none"> • Effective Corporate Governance • Strategy and Investments • Risk Management and Business Continuity 	<p>Creating a world-class workplace and supporting our employees.</p> <ul style="list-style-type: none"> • Employee Wellness • Diversity and Inclusion 	<p>Minimizing the impact of our operations on the natural environment.</p> <ul style="list-style-type: none"> • Water Consumption • Waste Management 	<p>Fulfilling our role as a leading corporate citizen for our nation and communities.</p> <ul style="list-style-type: none"> • ‘Leave the Change for Them’ Initiative 	<p>Leading the way in our sectors to create sustainable value.</p> <ul style="list-style-type: none"> • Consumer Health and Nutrition • Product Quality and Innovation • Supply Chain and Procurement

Our Sustainability Strategy

Savola Group is committed to creating broad and lasting value for our stakeholders, throughout the Kingdom of Saudi Arabia. To achieve this ambition, our sustainability strategy provides a clear roadmap for success across a wide range of material areas to be implemented largely through our groundbreaking new Savola World Foundation.

Savola World Foundation



In keeping with international best practices established among corporate bodies concerned with sustainability, Savola Group established Savola World Foundation in 2019 as a non-profit organization (NPO) registered under the supervision of the Ministry of Human Resources and Social Development, to promote socially responsible behavioral change across the Kingdom, building on the decades of Savola’s work to drive sustainable practices in our Group and provide needed support to communities across the Kingdom.

Our Vision

Savola World aspires to be a leading development foundation making a sustainable social impact.

Our Mission

Savola World is a community development foundation, focused on specialized areas, seeking to build strategic partnerships with different sectors and to deliver developmental programs and sustainable solutions corresponding to local community requirements.

OUR PROGRAM PORTFOLIO

Our long-term program portfolio consists of 4 focus areas:

1

Environmental Sustainability

Negaderha Program

- Household Engagement
- HORECA Engagement
- Qadoor Initiative

2

Human Empowerment

Makeen Program

- Total Accessibility Project
- Buddy and Mentor Program

Discover Your Path Program

Ata’a Program

- Employee General Volunteering
- Pro-Bono Volunteering

3

Business Assistance

Business Escalator Program

Supportive Projects

The Sustainability Report Project

The Sponsorship Program

CSR and Sustainability Consultancy

4

- Pillar
- Program
- Initiative

OUR MATERIALITY ASSESSMENT

At Savola, we conducted a comprehensive materiality assessment to better understand the needs and expectations of our stakeholders, taking into account a broader range of national, regional and global challenges, trends and approaches.

We engaged with both internal and external stakeholders to identify critical sustainability issues, and consulted international standards, frameworks and best practices to design and conduct the materiality assessment in accordance with the principles of the standards of the Global Reporting Initiative (GRI). This process included the following stages:

Identification

Identification of potential material topics

Prioritization

Assessment and ranking by internal and external stakeholders

An important outcome of the assessment is the development of Savola Group’s materiality matrix, which illustrates all the material issues and their prioritization. As well as demonstrating our commitment to sustainability, the matrix represents an invaluable tool for risk management and opportunity identification, which has revealed 30 material topics across our 5 strategic pillars: Employees, Community, Sector, Environment and Business.

Validation and Approval

- Adherence to best practices, standards, frameworks, and strategic direction
- Validation of topics

Communication

Communication via the Sustainability Report

SUSTAINABILITY AND CSR

SAVOLA WORLD FOUNDATION PROGRAMS IN 2021



Negaderha

Negaderha

Savola Group’s food waste management and reduction scheme, Negaderha seeks to address this critical national issue by targeting 2 key segments of society – households and the HORECA (hotels, restaurants and cafés) industry – to achieve a sustainable impact by raising awareness of the dangers of food waste.

During 2021, a number of successful campaigns were run to promote the goals of Negaderha. For Ramadan, a community awareness campaign targeting families and households across Saudi Arabia was launched to reduce food waste through effective planning and estimation of food portion sizes. The campaign emphasized that creativity in cooking is not incompatible with estimating and planning the appropriate quantities of food and provided practical ideas and tools to help lead to a positive change in consumer buying, eating and cooking habits, which in turn saves time, effort and money for families, and ultimately reduces food waste.

The omni-channel campaign, which included a microsite, recipes, a competition and much more, was a stunning success, surpassing targets for reach by 453% and microsite visits by 168%.

Ramadan Campaign Consumer Touchpoints

- Microsite
- Booklet (recipes)
- Major posts on social media
- The main campaign video
- Competition stories on Instagram
- Engagement stories on Instagram
- Collaborate with social media influencers



Promoting Awareness on Food Waste Reduction

In line with its goals to reduce food waste in Saudi Arabia, the 'Negaderha' program launched several campaigns targeting youth and children and in several formats. The messages were conveyed to school-aged children from 6-10 years old, through several online platforms.

Collaborating for Transformation

This year also saw close coordination with the National Transformation Program to study ways of cooperation and creating sustainable initiatives related to food waste in Saudi Arabia. Savola World Foundation submitted 7 proposals for cooperation, and these were agreed upon, leading to commitments to collaborate and work together, starting in 2022, on:

1. Measuring the loss and waste index in a sustainable manner; and
2. Building and executing national communication campaigns with government entities to contribute to maximizing the impact of the "Reducing Food Loss and Waste" initiative.

Building Partnerships and Capabilities

As the leading strategic investment holding company in the MENA region in the food and retail sectors, Savola Group is uniquely positioned to make a significant impact in minimizing food waste and loss in the region. Savola World Foundation is collaborating with the World Resources Institute (WRI) to develop a tailor-made program that features all of the topics covered in its 10x20x30 global trainings, but specific to the Saudi market. This bespoke program for Savola also provides ongoing WRI support to participating companies for implementing the 'Target-Measure-Act' approach.

Set to launch in early 2022, the program’s training includes 5 modules:

1. Introduction to 10x20x30 and Target-Measure-Act
2. Description of Food Loss and Waste Quantification Methods
3. Frequently Asked Questions About Measuring and Reporting
4. Developing Food Loss and Waste Reduction Strategies
5. Tracking and Maintaining Progress Over Time

Makeen

As a founding member of the Qaderoon Business Disability Network of employers, Savola Group is well known and respected across our region and industry for our leadership and enduring commitment to empowering people with disabilities across the Kingdom.

Our well established Makeen program is dedicated to increasing the number of people with a disability in private sector employment. Since its inception in 2010, Makeen has recruited 1,273 employees with a disabilities and offered multiple free training programs to government organizations, NGOs and private sector companies on good conduct in their interactions with people with disabilities.

Makeen's online portal, which brings together job seekers with disabilities and private sector employers, has facilitated the employment of many people with disabilities since its establishment in 2017, including 52 in 2021.

Savola Group joins The Valuable 500

During this year, the Savola Group once again demonstrated its commitment to supporting people with disabilities by joining The Valuable 500, a global business collective made up of 500 CEOs and their companies, innovating together for disability inclusion.

The Valuable 500 aims to enhance the inclusion of persons with disabilities throughout business and industry, as a major driver of social change strategically by including disability issues in the business agenda of companies and their strategic priorities and initiatives.

The Savola Group is the second company in the Kingdom to become part of this worthy initiative, joining 40 companies in the Middle East, 120 companies in Asia and 500 companies worldwide.



Raising Awareness to Support People with Disabilities

During 2021, a Makeen campaign was launched to increase awareness about this critical issue amongst the business sector and the general public. Through a number of short engaging videos, the campaign built confidence and promoted self-development for job seekers with disabilities, to raise awareness in the community to make it inclusive and available to all, to help change negative attitudes towards disabilities among businessmen, promote equal opportunities for all, and disseminate best practices and tips to engage with people with disabilities. The campaign, which targeted employers in the public and private sectors, job seekers with disabilities, organizations of people with disabilities, NGOs and the community, was a resounding success.

'Discover Your Path' Program

Under its Human Empowerment Pillar, Savola World Foundation, in partnership with Mohammed bin Salman Foundation (Misk), launched the 'Discover Your Path' Program, which enables high school students to explore their professional preferences and select the most appropriate future career paths.

The interactive educational program includes an integrated educational journey presented through a specialized platform, supporting students and their parents with an online portal that includes 4 interconnected educational journeys, covering:

1. Discovering yourself
2. Discovering career paths
3. Discovering educational options
4. Discovering career decision-making skills



The launch of the program this year generated great interest and engagement in the target groups, with over 34,000 students, parents and teachers enrolled, 40,000 total learning hours and 4,388 students completing the program during 2021. The second launch of the program will follow in 2022 to increase the engagement and impact of this successful program.

SUSTAINABILITY AND CSR

OUR SUPPORT FOR SAUDI VISION 2030



Savola Group’s strategic commitment and approach to sustainability, embodied by Savola World Foundation, is fully aligned with the objectives of various local authorities and government bodies, including, most importantly, Saudi Vision 2030. Our efforts therefore are designed to provide support for the long-term success of Saudi Arabia outlined in this blueprint for the future of the Kingdom based on 3 pillars:

Following this agenda, Savola’s growth strategy focuses on initiatives that directly benefit the Kingdom’s socio-economic development whilst building a prosperous nation and a more dynamic, robust economy.



A vibrant society



A thriving economy



An ambitious nation



OUR ALIGNMENT WITH INTERNATIONAL GOALS AND STANDARDS

Savola’s diverse sustainability and social responsibility commitments are governed by the objectives and best practices of international frameworks and global initiatives, including the Standards for Sustainability Reporting developed by the Global Reporting Initiative (GRI); Standard & Poor’s Transparency and Disclosure Standards, and the 17 UN Sustainable Development Goals (SDGs).

Our strategy can be linked to 6 out of the 17 SDGs:



SDG 4: Ensure inclusive and quality education for all and promote lifelong learning



SDG 8: Promote inclusive and sustainable economic growth, employment and decent work for all



SDG 6: Ensure access to water and sanitation for all



SDG 9: Build resilient infrastructure, promote sustainable industrialization and foster innovation



SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all



SDG 12: Ensure sustainable consumption and production patterns

SUSTAINABILITY AND CSR IN 2022

As we look forward to 2022, Savola Group remains focused on supporting the Kingdom and the people of Saudi Arabia through a wide range of corporate sustainability and CSR activities.

Savola World Foundation will gain momentum through its diverse strategic pillars and initiatives, aligned with the broader ambitions of Saudi Vision 2030. Through a range of activities and initiatives, all aligned with the strategy and vision of Savola Group and Savola World Foundation, we aim to maximize the impact of our diverse sustainability and CSR initiatives in the year ahead.

For more information about Savola Group's Sustainability and CSR focus and achievements, please see our Sustainability Report 2021 which will be published in the second quarter of 2022.





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Directors' Report

Our commitment to complying with all applicable regulations and aligning with leading practices in corporate governance and risk management underlies our sustained success.

DIRECTORS' REPORT

MAIN ACTIVITIES AND FINANCIAL DISCLOSURES

1) The Group's Main Activities:

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

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

No.	Company name	Country of incorporation	Core activities	Country presence	Ownership percentage (direct and indirect)	Capital (nominal share value)	Number of shares
1. Direct subsidiaries of the company:							
a) Operating subsidiaries:							
1.	Savola Foods Co.	Kingdom of Saudi Arabia (KSA)	Foods	Holding company that manages investment in the foods sector in the KSA and overseas	100%	SAR 2,200,000,000	220,000,000
2.	Panda Retail Co. (Panda)	KSA	Retail	KSA and Egypt	98.87%	SAR 1,480,000,000	148,000,000
3.	Good Food Co. (GFC)	KSA	Holding company	KSA and some GCC countries	100%	SAR 10,000,000	1,000,000
4.	Al Matoun International for Real Estate Investment Holding Co.	KSA	Real estate	KSA	80%	SAR 100,000,000	100,000
5.	Herfy Food Services Co.	KSA	Restaurants and manufacturing bakery products	KSA, Bangladesh, Nigeria and some GCC countries	49%	SAR 646,800,000	64,680,000
b) Holding and dormant subsidiaries:							
6.	Adeem Arabia Company	KSA	Holding company	KSA	100%	SAR 7,200,000	72,000
7.	Al Utur Arabian Co. for Commercial Investment	KSA	Holding company	KSA	100%	SAR 1,000,000	10,000
8.	Madarek Investment Co.	Jordan	Holding company	Jordan	100%	JOD 1,000,000	1,000,000
9.	United Complexes Development Co.	KSA	Dormant company	KSA	70%	SAR 4,000,000	400
10.	Al Matana Holding Co.	KSA	Holding company	KSA	100%	SAR 50,000	5,000
2. Al Matana Holding Company:							
a. Subsidiaries controlled through Al Matana Holding Company: (% referred to Al Matana Holding Company direct and indirect ownership – Al Matana Holding Company is 100% owned by Savola Group)							
11.	SGC Ventures Limited	Cayman Islands	Holding Company	Offshore company	100%	USD 50,000	50,000

No.	Company name	Country of incorporation	Core activities	Country presence	Ownership percentage (direct and indirect)	Capital (nominal share value)	Number of shares
12.	SGC Marketplace Venture	Cayman Islands	Holding Company	Offshore company	100%	USD 50,000	50,000

3. Savola Foods Company (SFC):

a. Subsidiaries controlled through SFC: (% referred to SFC's direct and indirect ownership – SFC is 100% owned by Savola Group)

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

DIRECTORS' REPORT

MAIN ACTIVITIES AND FINANCIAL DISCLOSURES

No.	Company name	Country of incorporation	Core activities	Country presence	Ownership percentage (direct and indirect)	Capital (nominal share value)	Number of shares
b. Subsidiaries controlled through AIC: (% referred to AIC's direct and indirect ownership; AIC is 95.19% owned by SFC)							
27.	Savola Behshahr Co. (SBeC)	Iran	Holding company	Iran	90%	IRR 740,000,000,000	740,000,000
28.	Malintra Holdings Ltd.	Luxembourg	Dormant company	Offshore company	100%	EUR 1,250,000	1,250
29.	Savola Foods Ltd. (SFL)	BVI	Holding company	Offshore company	100%	USD 52,000	52,000
30.	Afia International Co. – Jordan	Jordan	Dormant company (under Liquidation)	Jordan and Levant	98.57%	JOD 8,000,000	8,000,000
31.	Inveszk Inc.	BVI	Dormant company	Offshore company	90%	USD 138,847	138,847
32.	Afia Trading International	BVI	Dormant company	Offshore company	100%	USD 500,000	500,000
33.	Savola Foods International	BVI	Dormant company	Offshore company	100%	USD 50,000	50,000
34.	KUGU Gıda Yatım ve Ticaret A.Ş (KUGU)	Turkey	Holding company	Turkey	100%	TRL 26,301,280	2,630,128
35.	Aseel Food – Holding Co.	Cayman Islands	Holding company	Offshore company	100%	USD 50,000	50,000
c. Subsidiaries controlled through SBeC: (% referred to SBeC's ownership; SBeC is 90% owned by AIC)							
36.	Behshahr Industrial Co.	Iran	Manufacturing of edible oils	Iran	79.9%	IRR 3,000,000,000,000	3,000,000,000
37.	Tolue Pakshe Aftab Co.	Iran	Trading and distribution	Iran	100%	IRR 100,000,000,000	100,000,000
38.	Savola Behshahr Sugar Co.	Iran	Trading and distribution	Iran	100%	IRR 100,000,000	100,000
39.	Notrika Golden Wheat Co.	Iran	Manufacturing of food and confectionery	Iran	90%	IRR 500,000,000,000	500,000,000
d. Subsidiaries controlled through SFL: (% referred to SFL's ownership; SFL is 100% owned by AIC)							
40.	Afia International Co. Egypt	Egypt	Manufacturing of edible oils	Egypt	99.95%	EGP 154,651,500	30,930,300
e. Subsidiaries controlled through Afia International Co. Egypt: (% referred to Afia International Co. Egypt ownership; Afia International Co. Egypt is 99.95% owned by SFL)							
41.	Savola for Export and Import	Egypt	Trading and distribution	Egypt	49%	EGP 5,000,000	10,000
f. Subsidiaries Under KUGU: (% referred to KUGU's direct and indirect ownership; KUGU is 100% owned by AIC)							
42.	Savola Gıda Sanayi ve Ticaret Anonim Şirketi	Turkey	Manufacturing of edible oils	Turkey	100%	TRL 4,433,569	443,356,900
g. Subsidiaries controlled through SIIC: (% referred to SIIC's ownership; SIIC is 100% owned by SFC)							
43.	United Sugar Co. (USC)	KSA	Manufacturing of sugar	KSA	74.48%	SAR 395,000,000	39,500,000

No.	Company name	Country of incorporation	Core activities	Country presence	Ownership percentage (direct and indirect)	Capital (nominal share value)	Number of shares
h. Subsidiaries Under USC: (% referred to USC's direct and indirect ownership; USC is 74.48% owned by SIIC)							
44.	Alexandria Sugar Co. – Egypt (ASCE)	Egypt	Manufacturing of sugar	Egypt	68.01 % (71.66% including SFC %)	EGP 1,358,388,000	1,358,388
45.	Beet Sugar Industries	Cayman Islands	Dormant company	Offshore company	100%	USD 1,000	1,000
i. Subsidiaries controlled through ASCE: (% referred to ASCE ownership; ASCE is 73.14% owned by SFC directly and indirectly)							
46.	Alexandria United Co. for Land Reclamation	Egypt	Agro cultivation	Egypt	100%	USD 22,500,000	225,000
j. Subsidiaries controlled through SFEM: (% referred to SFEM's direct and indirect ownership; SFEM is 95.4% owned by SFC)							
47.	Savola Morocco Co.	Morocco	Manufacturing of edible oils	Morocco	100%	MAD 46,000,000	460,000
48.	Savola Edible Oils (Sudan) Co.	Sudan	Manufacturing of edible oils	Sudan	100%	SDG 45,800,000	45,800,000
49.	Afia International Co. – Algeria	Algeria	Manufacturing of edible oils	Algeria	100%	DZD 3,028,071,000	3,028,071
k. Subsidiaries controlled through SFCI: (% referred to SFCI's ownership; SFCI is 100% owned by SFC)							
50.	Modern Behtaam Royan Kaveh Co.	Iran	Food and confectionery	Iran	100%	IRR 50,000,000,000	50,000,000
51.	Middle East Technology Venture Ltd.	Cayman Islands	Holding company	Offshore company	100%	USD 50,000	50,000
l. Subsidiaries controlled through Al Maoun and Marasina: (% referred to Al Maoun and Marasina's ownership; both companies are 100% owned by SFC)							
52.	Alofog Trading DMCC	UAE	Trading and distribution	UAE	100%	AED 2,000	50
m. Subsidiaries controlled through SIFCO: (% referred to SIFCO's ownership; SIFCO is 100% owned by SFC)							
53.	Bayara Holding Limited	Cayman Islands	Holding company	Offshore company	100%	USD 137,500	13,750,000
n. Subsidiaries controlled through Bayara Holding Limited: (% referred to Bayara Holding Limited ownership; Bayara Holding Limited is 100% owned by SIFCO)							
54.	GYMA Food Industries	UAE	Processing of spices, nuts and pulses	UAE	48% (effective ownership is 100%)	AED 300,000	300
55.	Bayara Egypt Limited (liquidated during 2021)	Egypt	Dormant company	Egypt	100%	-	-
56.	Bayara Saudi Arabia Limited Group	Saudi Arabia	Processing of spices, nuts and pulses	Saudi Arabia	100%	SAR 3,000,000	3,000
57.	Bayara FZE Limited	UAE	Holding company	UAE	100%	AED 5,000,000	5
58.	Kandoo Worldwide Limited	BVI	Managing trade mark	Offshore company	100%	USD 50,000	50,000

DIRECTORS' REPORT

MAIN ACTIVITIES AND FINANCIAL DISCLOSURES

No.	Company name	Country of incorporation	Core activities	Country presence	Ownership percentage (direct and indirect)	Capital (nominal share value)	Number of shares
59.	Kamali Investment Limited	UAE	Holding company	UAE	100%	AED 10,000	10,000
60.	Profood Holdings Limited	UAE	Holding Company	UAE	100%	AED 10,000	100
o. Subsidiaries controlled through Seafood International Two FZCO: (% referred to Seafood International Two FZCO ownership; Seafood International Two FZCO is 100% owned by SFC)							
61.	Seafood International One FZCO	UAE	Seafood products trading and distribution	UAE	80% (100% with SFC ownership)	AED 100,000	10
4. Panda Retail Co. (Panda):							
a. Subsidiaries controlled through Panda: (% referred to Panda's direct and indirect ownership; Panda is 98.87% owned by Savola)							
62.	Giant Stores Trading Co.	KSA	Retail	KSA	100%	SAR 500,000	500
63.	Panda for Operations, Maintenance & Contracting Services Co.	KSA	Services and maintenance	KSA	100%	SAR 500,000	500
64.	Panda International for Retail Trading	Egypt	Retail	Egypt	100%	EGP 50,000,000	50,000,000
65.	Panda Bakeries Co.	KSA	Dormant company	KSA	100%	SAR 500,000	500
66.	Atabet Al Bab Communications and Information Technology LLC	KSA	E-commerce	KSA	100%	SAR 200,000	200,000
b. Subsidiaries controlled through Giant Stores Trading Co.: (% referred to Giant Stores Trading Co. Ownership; Giant Stores Trading Co. is 100% owned by Panda)							
67.	Lebanese Sweets and Bakeries Co.	KSA	Dormant company	KSA	95% (99% including Savola direct %)	SAR 5,000,000	5,000
5. Al Kabeer Group Companies:							
a. Subsidiaries controlled through GFC: (% referred to GFC's direct and indirect ownership; GFC is 100% owned by Savola Group)							
68.	Variety Foods Factory Co.	KSA	Frozen food manufacturing	KSA	51%	SAR 5,000,000	5,000
69.	Al Helal for Import & Export Co.	Bahrain	Trading and distribution	Bahrain	51%	BHD 20,000	200
70.	Al Kabeer Holding Co.	UAE	Holding company	UAE	51%	USD 100	100
71.	Best Foodstuff Trading Co.	UAE	Trading and distribution	UAE	51%	AED 3,000,000	3,000
72.	Sahar Enterprises Co.	UAE	Trading and distribution	UAE	51%	AED 181,500,000	181,500
73.	Sahar Food Industries Co.	UAE	Frozen food manufacturing	UAE	51%	AED 300,000	300

No.	Company name	Country of incorporation	Core activities	Country presence	Ownership percentage (direct and indirect)	Capital (nominal share value)	Number of shares
74.	Al Ahsan Trading Co.	KSA	Trading and distribution	KSA	51%	SAR 27,000,000	27,000

b. Subsidiaries controlled through Al Kabeer Holding Co.: (% referred to Al Kabeer Holding direct and indirect ownership; Al Kabeer Holding is 51% owned by GFC)

75.	Al Sabah Foodstuff Enterprises Co.	UAE	Trading and distribution	UAE	100%	AED 500,000	500
76.	Cascade Marine Foods Co.	UAE	Frozen food manufacturing	UAE	100%	AED 750,000	100
77.	Cascade Investments Limited	UAE	Investment company	UAE	100%	USD 125,000	1,250
78.	Best Foods Co.	Oman	Food distribution	Oman	100%	OMR 150,000	150,000

6. Investees: (Investments in sister companies)

79.	Almarai Co.	KSA	Fresh food products	KSA	34.52%	SAR 10,000,000,000	1,000,000,000
80.	Kinan International for Real Estate Development Co.	KSA	Real estate development	KSA	29.99%	SAR 1,200,000,000	120,000,000
81.	United Sugar Co. Egypt	Egypt	Manufacturing of sugar	Egypt	33.82% (Savola effective ownership)	USD 138,851,128	17,733,222
82.	Al Seera City Co. for Real Estate Development	KSA	Real estate development	KSA	40%	SAR 20,000,000	200,000
83.	Knowledge Economic City Developers Co.	KSA	Real estate	KSA	2.07%	SAR 830,000,000	83,000,000
84.	Intaj Capital Ltd.	Republic of Tunisia (Tunisia)	Fund management	Tunisia	49%	USD 207,200,000	260,000
85.	United Edible Oils Holding Ltd.	Cayman Islands	Holding company	Offshore company	51%	USD 50,000	36,351,431

7. Investments available for sale:

Listed:

86.	Knowledge Economic City	KSA	Real estate development	KSA	11.5%	SAR 3,393,000,000	339,300,000
87.	Emaar the Economic City	KSA	Real estate	KSA	0.87%	SAR 8,500,000,000	850,000,000
88.	Arab Phoenix Holdings Co.	Jordan	Real estate development	Jordan	5%	JOD 86,840,292	86,840,292

Unlisted:

89.	Joussor Holding Co.	KSA	Investment funds (under liquidation)	KSA	14.81%	SAR 600,000,000	60,000,000
90.	Swicorp Co.	KSA	Investment management	KSA	15%	SAR 500,000,000	50,000,000

DIRECTORS' REPORT

MAIN ACTIVITIES AND FINANCIAL DISCLOSURES

2) Consolidated Performance of the Group

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

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

Revenue (SAR million)		Net Profit (SAR million)	
2017	23,830	2017	1,026
2018	21,815	2018	-520
2019	21,406	2019	476
2020	21,702	2020	911
2021	24,669	2021	222

Item (SAR '000s)	2021	2020	2019	2018	2017
Revenues	24,669,163	21,701,941	21,406,424	21,814,563	23,830,475
Cost of revenues	(20,190,449)	(17,061,558)	(16,902,120)	(17,916,606)	(19,436,360)
Gross profit	4,478,714	4,640,383	4,504,304	3,897,957	4,394,115
Net profit (loss)	221,879	910,802	475,630	(520,380)	1,025,618

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

Assets (SAR million)		Liabilities (SAR million)	
2017	23,337	2017	13,629
2018	22,252	2018	14,231
2019	26,658	2019	18,119
2020	27,058	2020	17,894
2021	28,546	2021	19,454

Item (SAR '000s)	2021	2020	2019	2018	2017
Current assets	7,941,295	6,464,347	5,969,924	5,906,124	6,678,054
Non-current assets	20,604,624	20,594,037	20,687,787	16,346,327	16,659,276
Total assets	28,545,919	27,058,384	26,657,711	22,252,451	23,337,330
Current liabilities	9,458,120	8,183,856	8,863,915	8,426,642	8,642,368
Non-current liabilities	9,995,986	9,709,974	9,254,726	5,803,868	4,986,982
Total liabilities	19,454,106	17,893,830	18,118,641	14,230,510	13,629,350

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

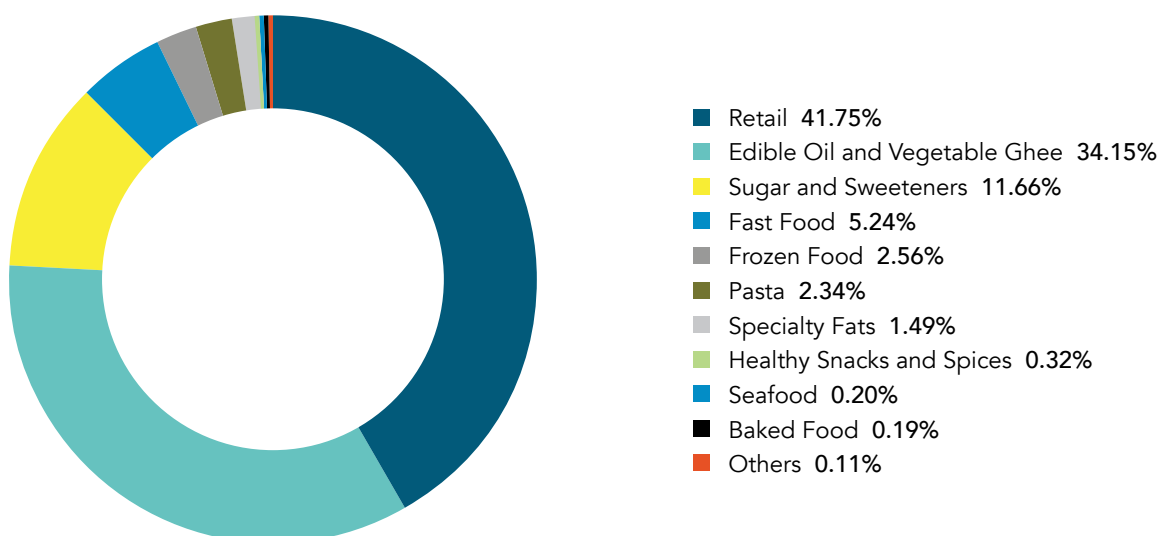
Below is the Group's consolidated revenue for 2021 compared to the previous year business-wise (edible oils and vegetable ghee, sugar and sweeteners, pasta, seafood, frozen food, retail sector, fast food, specialty fats and healthy snacks (raw and roasted nuts, dates, seeds, dried fruits and confectionery) and cooking ingredients (herbs, spices and pulses)), including geographical analysis based on availability of brands and products in countries:

Business line/country	Brands	2021 (SAR '000s)	2020 (SAR '000s)
Edible oil and vegetable ghee			
KSA, GCC and Yemen	Afia, Al Arabi, Olite, Shams, Sun Glow, Dalal, Nakeel	2,566,534	1,715,067
Egypt, Levant	Rawabi, Afia, Ganna, Slite, Helwa	1,870,079	1,219,898
Central Asia	Ladan, Aftab, Bahar, Afia	1,105,972	546,430
Sudan	Al Tayeb, Sabah, Shams	1,168,331	425,786
Morocco	Afia, Hala	572,101	370,283
Turkey	Yudum, Sirma, Afia	774,058	661,363
Algeria	Afia, Oleor	510,122	596,280
Total edible oil and vegetable ghee revenues		8,567,197	5,535,107
Sugar and sweeteners			
KSA, GCC and Yemen	Al Osra, Ziadah, Safaa, Nehar, Halla, Sweeva	2,453,817	2,050,980
Egypt	Al Osra	472,272	278,232
Total sugar and sweeteners revenues		2,926,089	2,329,212
Total pasta products – Egypt	El Maleka, Macaronto, Italiano	587,579	536,750
Total seafood products – GCC and Egypt	John West, Leeza	49,583	39,700
Total baked food products – Central Asia	Pech-Pech	46,501	28,986
Total specialty fats and margarine – KSA and Turkey	Culina, Margarina, Vala, Sava	373,306	173,804
Healthy snacks and spices	Bayara	79,867	0
Total foods revenues		12,630,122	8,643,559
Retail			
KSA	Hyper Panda, Panda Supermarket	10,335,848	11,499,711
Egypt	Panda Supermarket	140,276	113,588
Total retail revenues		10,476,124	11,613,299
Fast food			
Fast food and restaurants	Herfy, Doka	1,313,856	1,076,083
Total fast food and restaurants		1,313,856	1,076,083
Frozen food products			
KSA and GCC	Al Kabeer, Tayebat Al Emarat, Tabarruk	642,944	736,797
Total frozen food products		642,944	736,797
Others			
Real estate – KSA		27,545	36,077
Total other activities revenues		27,545	36,077
Gross revenues		25,090,591	22,105,815
Consolidated intercompany elimination		(421,428)	(403,874)
Total revenues		24,669,163	21,701,941

DIRECTORS' REPORT

MAIN ACTIVITIES AND FINANCIAL DISCLOSURES

Breakdown of sector and main Group activity contributions to 2021 consolidated revenues



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

Income statement	2021 (SAR '000s)	2020 (SAR '000s)	Variance (+) or (-) (SAR '000s)	Variance percentage
Revenues	24,669,163	21,701,941	2,967,222	13.7%
Cost of revenues	(20,190,449)	(17,061,558)	(3,128,891)	18.3%
Gross profit	4,478,714	4,640,383	(161,669)	-3.5%
Operational revenues – Other	557,066	704,148	(147,082)	-20.9%
Operational expenses – Other	(4,019,485)	(3,683,707)	(335,778)	9.1%
Operational profit	1,016,295	1,660,824	(644,529)	-38.8%

Declaration: The company did not announce any financial expectations during 2021.

The reasons for the change in net profit for 2021 compared to last year:

The Group recorded a net profit amounting to SAR 222 million for the year 2021 versus SAR 911 million for last year due to higher impairment loss; lower share of profit from associates; higher Zakat and tax expense; and Zakat and tax provision reversal recorded in the previous year. The retail segment reported revenues of SAR 10.5 billion during the year representing a 10% decline compared with last year due to the full year impact of the increase in VAT to 15%, downtrading by consumers as a result of higher costs and inflationary pressure and post-pandemic demographic changes in the KSA. Operating expenses and net finance costs are lower than last year.

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

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

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

Finance charges for Group loans (short-term and long-term borrowings) from various commercial banks and financial institutions during 2021 (at prevailing market rates) reached SAR 291 million compared to SAR 287 million in the previous year. With regards to loan guarantees granted by the Group to its subsidiaries (see table below), the Group usually signs promissory notes as a guarantee to its own loans and a corporate guarantee for some of its subsidiaries' loans, according to the requirements of the lending banks or financial institutions.

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

a) Long-term loans of the Group and its subsidiaries, and their payment status as of 31 December 2021 (SAR '000s):

No.	Borrowing company	Lender	Loan period	Date issued	Original amount	Amount paid in 2021	Balance Dec 2021	Balance Dec 2020
1.	Savola Group Co.	Saudi National Bank (previously National Commercial Bank)	5 years	Oct-16	500,000	93,750	-	93,750
		Gulf International Bank	3 Years	Dec-20	300,000		300,000	300,000
		Gulf International Bank	3 Years	Dec-20	150,000	150,000	-	150,000
		Gulf International Bank	3 Years	Jul-21	250,000		250,000	-
		Saudi National Bank (previously Samba Financial Group)	7 years	Dec-18	294,000	210,000	-	210,000
		Bank Al Jazira	7 years	Nov-18	300,000	50,000	200,000	250,000
		Bank Al Jazira	7 years	Dec-19	500,000		500,000	500,000
		Bank Al Jazira	2 Years	Dec-20	300,000	300,000	-	300,000
		Bank Al Jazira	7 years	Dec-21	75,000		75,000	-
		Saudi British Bank	5 years	Sep-18	750,000	150,000	300,000	450,000
		Saudi British Bank	7 years	Feb-19	800,000	132,000	561,000	693,000
		Saudi British Bank	5 years	Mar-21	300,000		300,000	-
		Saudi Investment Bank	7 years	Jan-20	300,000	300,000	-	300,000
		Al Rajhi Bank	2 Years	Dec-20	200,000	200,000	-	200,000
		Al Rajhi Bank	2 Years	Dec-21	200,000		200,000	-
		Al Rajhi Bank	7 years	Dec-21	125,000		125,000	-
		Al Rajhi Bank	5 years	Mar-21	500,000		500,000	-
		Saudi Fransi Bank	7 years	Dec-21	200,000		200,000	-
		Sukuk	7 years	Jul-19	1,000,000		1,000,000	1,000,000
SAVOLA GROUP							4,511,000	4,446,750
PANDA RETAIL COMPANY							-	-

No.	Borrowing company	Lender	Loan period	Date issued	Original amount	Amount paid in 2021	Balance Dec 2021	Balance Dec 2020
2.	Afia International Co.	Saudi National Bank (previously Samba Financial Group)	5 Years	Dec-20	150,000	150,000	-	150,000
	Afia Intl. Co. - Egypt*	National Bank of Kuwait**	5 years	Jan-19	16,000	5,341	12,025	17,378
AFIA INTERNATIONAL CO.							12,025	167,378
3.	Savola Foods Co.	Al Rajhi Bank	7 years	Dec-21	175,000	-	175,000	
		Bank Al Jazira	7 years	Dec-21	300,000	-	300,000	
		Saudi Fransi Bank	7 years	Nov-21	300,000	-	300,000	
		Saudi British Bank	7 years	Dec-21	200,000	-	200,000	
SAVOLA FOODS CO.							975,000	-
4.	El Maleka for Food Industries Co.*	National Bank of Kuwait	5.3 years	Dec-18	28,173	7,848	15,696	23,600
PASTA							15,696	23,600
5.	United Sugar Co.	Saudi National Bank (previously Samba Financial Group)	5 Years	Dec-20	150,000	150,000	-	150,000
	Alexandria Sugar Co.*	Commercial International Bank	13 Years	Mar-10	529,937	45,804	116,644	162,835
	Alexandria UCLR*	National Bank of Kuwait	4 years	Jan-18	27,473	3,827	7,653	11,507
SAVOLA INDUSTRIAL INVESTMENT CO.							124,297	324,342
INTERNATIONAL FOODS INDUSTRIES CO.							-	-
6.	Herfy Food Services Co.	Al Rajhi Bank	4-6 years	2014-2017	499,996	17,159	30,528	47,687
		Saudi Industrial Development Fund	6 years	2013-2016	42,903	3,642	-	3,642
		Saudi British Bank	3 years	Jan-18	15,600	9,769	-	9,769
HERFY FOOD SERVICES CO.							30,528	61,098
TOTAL LONG-TERM LOANS							5,668,546	5,023,168

* December 2021 loan value changed due to currency effect

** December 2020 loan value changed due to currency effect

b) Short-term loans of the Group and its subsidiaries, and their payment status as of 31 December 2021 (SAR '000s):

No	Borrowing company	Lender	Loan period	Date issued	Balance Dec 2021	Balance Dec 2020
1.	Savola Group Co.	Saudi National Bank	1 Month	Dec-21	180,000	-
	SAVOLA GROUP				180,000	170,000
2.	Panda Retail Co.	Saudi National Bank	1 Month	Dec-21	30,000	
	PANDA RETAIL COMPANY				30,000	-
3.	Afia International Co.	Saudi British Bank	1 Month	Dec-21	15,000	
		Saudi British Bank	1 Month	Dec-21	150,000	
		Saudi National Bank	1 Month	Dec-21	50,000	
		Saudi National Bank	1 Month	Dec-21	50,000	
		Saudi National Bank	1 Month	Dec-21	150,000	
		Saudi National Bank	1 Month	Dec-21	70,000	
		Saudi National Bank	1 Month	Dec-21	90,000	
		Saudi National Bank	1 Month	Dec-21	100,000	
		Saudi National Bank	1 Month	Dec-21	50,000	
		Saudi National Bank	1 Month	Dec-21	60,000	
		Al Rajhi Bank	1 Month	Dec-21	200,000	
4.	Afia Intl. Co. - Egypt	Hongkong and Shanghai Banking Corp.	1 Year	Jan-21	64,623	
		First Abu Dhabi Bank	1 Year	Jan-21	111,763	
		National Bank of Egypt	1 Year	Jan-21	9,417	
		Commercial International Bank	1 Year	Jan-21	35,316	
		National Bank of Kuwait	1 Year	Jan-21	36,483	
		Emirates NBD	1 Year	Jan-21	37,994	
		National Bank of Egypt	1 Year	Jan-21	27,025	
		Mashreq Bank	1 Year	Jan-21	43,321	
		Commercial International Bank	1 Year	Jan-21	2,097	
		Hongkong and Shanghai Banking Corp.	1 Year	Jan-21	13,369	
5.	Behshahr Industrial Co.	Tejarat Bank	3 Months	Feb-21	10,699	
		Bank Mellat	3 Months	Mar-21	15,285	
		Bank Mellat	3 Months	Apr-21	3,057	
		EN Bank	1 Year	Mar-21	7,642	
		EN Bank	1 Year	Mar-21	11,708	
		Khavarmianeh Bank	1 Year	Jun-21	10,156	
		Khavarmianeh Bank	3 Months	May-21	16,407	
		Khavarmianeh Bank	1 Year	May-21	3,428	
		Khavarmianeh Bank	1 Year	Mar-21	6,114	
		Karafarin Bank	1 Year	May-21	22,698	
		Karafarin Bank	1 Year	Jun-21	7,642	
		Karafarin Bank	1 Year	Mar-21	18,021	
		Saman Bank	1 Year	Mar-21	15,285	
		Saman Bank	1 Year	May-21	7,642	

DIRECTORS' REPORT

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No	Borrowing company	Lender	Loan period	Date issued	Balance Dec 2021	Balance Dec 2020
		Saman Bank	1 Year	May-21	6,114	
		EN Bank	1 Year	May-21	11,769	
		Shahr Bank	1 Year	Feb-21	2,751	
		Saman Bank	3 Months	May-21	7,642	
		EN Bank	1 Year	Jun-21	14,734	
6.	Notrika Goden Wheat Co.	Khavarmianeh Bank	1 Year	Mar-21	815	
7.	Savola Gida Sanayi ve Ticaret AS	Hongkong and Shanghai Banking Corp.	6 Months	Nov-21	7,052	
		Hongkong and Shanghai Banking Corp.	6 Months	Nov-21	14,126	
		Hongkong and Shanghai Banking Corp.	6 Months	Nov-21	2,145	
		Hongkong and Shanghai Banking Corp.	6 Months	Nov-21	3,710	
		Hongkong and Shanghai Banking Corp.	6 Months	Nov-21	942	
		Hongkong and Shanghai Banking Corp.	6 Months	Dec-21	6,363	
		Hongkong and Shanghai Banking Corp.	6 Months	Dec-21	16,145	
		Hongkong and Shanghai Banking Corp.	6 Months	Dec-21	11,740	
		Hongkong and Shanghai Banking Corp.	6 Months	Dec-21	9,383	
		Hongkong and Shanghai Banking Corp.	6 Months	Dec-21	2,479	
		Hongkong and Shanghai Banking Corp.	6 Months	Dec-21	11,685	
		Hongkong and Shanghai Banking Corp.	6 Months	Dec-21	2,269	
		Hongkong and Shanghai Banking Corp.	6 Months	Dec-21	4,068	
		European Bank for Reconstruction and Development	1 Year	Sep-21	10,958	
		European Bank for Reconstruction and Development	1 Year	Sep-21	25,908	
		European Bank for Reconstruction and Development	1 Year	Dec-21	47,443	
		Yapi ve Kredi Bankasi	1 Year	Jan-21	7,116	
		Yapi ve Kredi Bankasi	1 Year	Aug-21	5,786	
		Garanti Investment Credit	1 Year	Aug-21	10,125	
		QNB Finansbank	1 Year	Dec-21	839	
		Ziraat Bankasi	1 Year	Oct-21	1,334	
		VakifBank	1 Year	Oct-21	9,810	
		Garanti Investment Credit	1 Year	Oct-21	4,339	
		Halkbank	1 Year	Apr-21	3,182	

No	Borrowing company	Lender	Loan period	Date issued	Balance Dec 2021	Balance Dec 2020
		Ziraat Bankasi	1 Year	Nov-21	13,131	
		Halkbank	1 Year	Nov-21	894	
		Halkbank	1 Year	Dec-21	1,446	
		Halkbank	1 Year	Dec-21	1,446	
AFIA INTERNATIONAL CO.					1,801,881	1,079,241
AFIA INTERNATIONAL DISTRIBUTION AND MARKETING CO.					-	40,000
8.	Afia Intl. Co. - Algeria	Societe Generale Algerie	6 Months	Dec-21	34,217	
		Arab Bank	6 Months	Nov-21	34,536	
		Arab Bank	6 Months	Sep-21	24,949	
		Fransabank el Djazair	6 Months	Nov-21	19,827	
		Fransabank el Djazair	6 Months	Dec-21	39,056	
		Fransabank el Djazair	6 Months	Dec-21	38,730	
		Hongkong and Shanghai Banking Corp.	6 Months	Sep-21	15,935	
		Hongkong and Shanghai Banking Corp.	6 Months	Sep-21	20,012	
		Hongkong and Shanghai Banking Corp.	6 Months	Oct-21	36,446	
9.	Savola Morocco Co.	Credit du Maroc	6 Months	Sep-21	26,907	
		Attijari Wafa Bank	3 Months	Nov-21	49,052	
		Arab Bank	3 Months	Dec-21	29,649	
		Attijari Wafa Bank	3 Months	Dec-21	14,103	
10.	Savola Edible Oils (Sudan) Ltd.	Bank of Khartoum	9 Months	Jun-21	5,854	
		Bank of Khartoum	9 Months	Jul-21	2,628	
		Bank of Khartoum	9 Months	Jun-21	5,835	
		Bank of Khartoum	9 Months	Sep-21	4,699	
		Arab Sudanese Bank	9 Months	Jun-21	178	
		Bank of Khartoum	9 Months	May-21	812	
		National Bank of Egypt	9 Months	Dec-21	1,037	
		Bank of Khartoum	9 Months	Dec-21	20,621	
		National Bank of Egypt	9 Months	Aug-21	1,126	
		National Bank of Egypt	9 Months	Apr-21	70	
		Omdurman National Bank	9 Months	Aug-21	4,912	
		Omdurman National Bank	9 Months	Aug-21	1,515	
		Omdurman National Bank	9 Months	Aug-21	3,725	
		National Bank of Egypt	9 Months	Jun-21	167	
		Omdurman National Bank	9 Months	Jul-21	442	
SAVOLA FOODS EMERGING CO.					437,040	234,645
11.	El Maleka for Food Industries Co.	Emirates NBD	6 Months	Dec-21	14,843	
		National Bank of Kuwait	6 Months	Dec-21	24,494	

DIRECTORS' REPORT

MAIN ACTIVITIES AND FINANCIAL DISCLOSURES

No	Borrowing company	Lender	Loan period	Date issued	Balance Dec 2021	Balance Dec 2020
PASTA					39,337	14,900
12.	United Sugar Co.	Saudi National Bank	1 Month	Dec-21	50,000	
		Saudi National Bank	1 Month	Dec-21	40,000	
		Saudi British Bank	1 Month	Dec-21	30,000	
13.	Alexandria Sugar Co.	Hongkong and Shanghai Banking Corp.	1 Year	Jan-21	68,601	
		Mashreq Bank	1 Year	Jan-21	18,729	
		Commercial International Bank	1 Year	Jan-21	4,740	
14.	Alexandria UCLR	National Bank of Kuwait	1 Year	Jan-21	6,267	
		National Bank of Kuwait	1 Year	Jan-21	11,946	
SAVOLA INDUSTRIAL INVESTMENT CO.					230,283	186,714
15.	Seafood International Two FZCO	Hongkong and Shanghai Banking Corp.	1 Year	May-21	35,625.00	
		Arab Banking Corporation	1 Year	Sep-21	12,019	
SEAFOOD INTERNATIONAL TWO FZCO					47,644	28,125
16.	Seafood International Holding Co.	Khavarmianeh Bank	1 Year	Jan-21	103	
		Khavarmianeh Bank	1 Year	Jan-21	142	
		Khavarmianeh Bank	1 Year	Feb-21	34	
		Khavarmianeh Bank	1 Year	Mar-21	242	
		Khavarmianeh Bank	1 Year	May-21	146	
		Khavarmianeh Bank	1 Year	Jun-21	112	
		Khavarmianeh Bank	1 Year	Jun-21	176	
		Khavarmianeh Bank	1 Year	Jun-21	194	
		Khavarmianeh Bank	1 Year	Jun-21	368	
		Khavarmianeh Bank	1 Year	Jul-21	371	
		Khavarmianeh Bank	1 Year	Dec-21	345	
		Khavarmianeh Bank	1 Year	Dec-21	762	
		Khavarmianeh Bank	1 Year	Feb-21	6	
SEAFOOD INTERNATIONAL HOLDING CO.					3,001	-
17.	GYMA Food Industries LLC	Mashreq Bank	1 Year	Dec-21	16,894	
		First Abu Dhabi Bank	1 Year	Dec-21	6,276	
Snacking and Ingredients Food Holding Co					23,170	-
18.	Sahar Enterprises LLC	National Bank of Fujairah	3-4 months	Sep-21	251	
GOOD FOOD					251	23,244
HERFY FOOD SERVICES CO.					-	100,279
TOTAL SHORT-TERM BORROWING					2,792,607	1,877,148

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

No.	Item (payments)	Paid	Due until the end of the financial period but not paid	Description	Reasons/Justifications
1.	Customs duties	117,857	18,173	-	
2.	Zakat	43,269	11,892	-	
3.	Income tax and withholding tax	82,459	83,067	Income and withholding tax	
4.	GOSI (for KSA) and social insurance (for outside KSA)	126,714	13,357	Employees' GOSI and social insurance	According to the requirements of the laws and applicable regulations
5.	Visas and passport office fees	45,386	465	Iqama renewal, exit and re-entry visas	
6.	Labor office fees	110,359	940	Work permits and Iqama renewal	
7.	Other duties and government levies	38,603	22,156	License fees and other fees	

3) Potential Risks to Savola Group Operations:

3-1) Savola Risk Management approach

a) Risk Management overview

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

- The possibility of the Group operations being exposed to geopolitical risks that result from its operations outside the Kingdom
- Risk of commodities and raw materials price volatility in the local and international markets where it operates
- Risk of geographic expansion and competition pertaining to new markets in the region fluctuation in foreign currency, exchange rates against the Saudi Riyal or other currencies of the countries that the Group operates in inflation in the economies of countries where the Group operates;
- Risks related to new investments
- Any other emerging risk

The Group faces other risks from its various investment shareholdings in different companies and funds, locally and internationally. The Group and its subsidiaries manage these risks through its Board of Directors, Audit Committee, Executive Management and various departments and task forces within the Group. The Group is focused on continuously developing and improving a sound risk management system across the Group. It has established a dedicated Risk Management department at the holding level and its major subsidiary i.e., SFC and Panda.

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

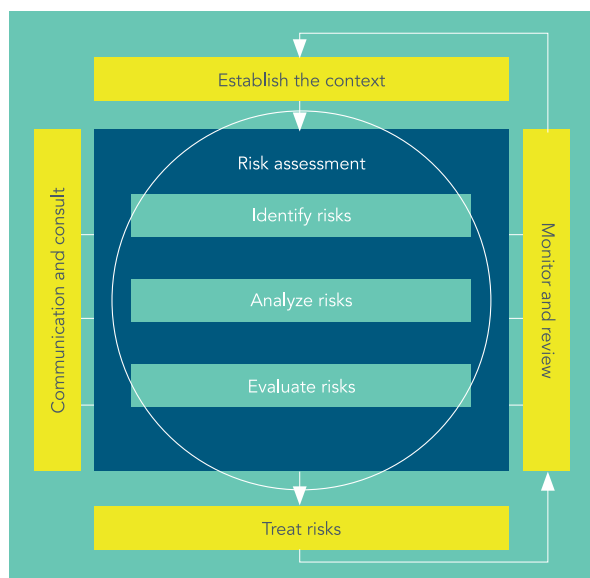
b) Enterprise Risk Management framework

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

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

DIRECTORS' REPORT

MAIN ACTIVITIES AND FINANCIAL DISCLOSURES



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

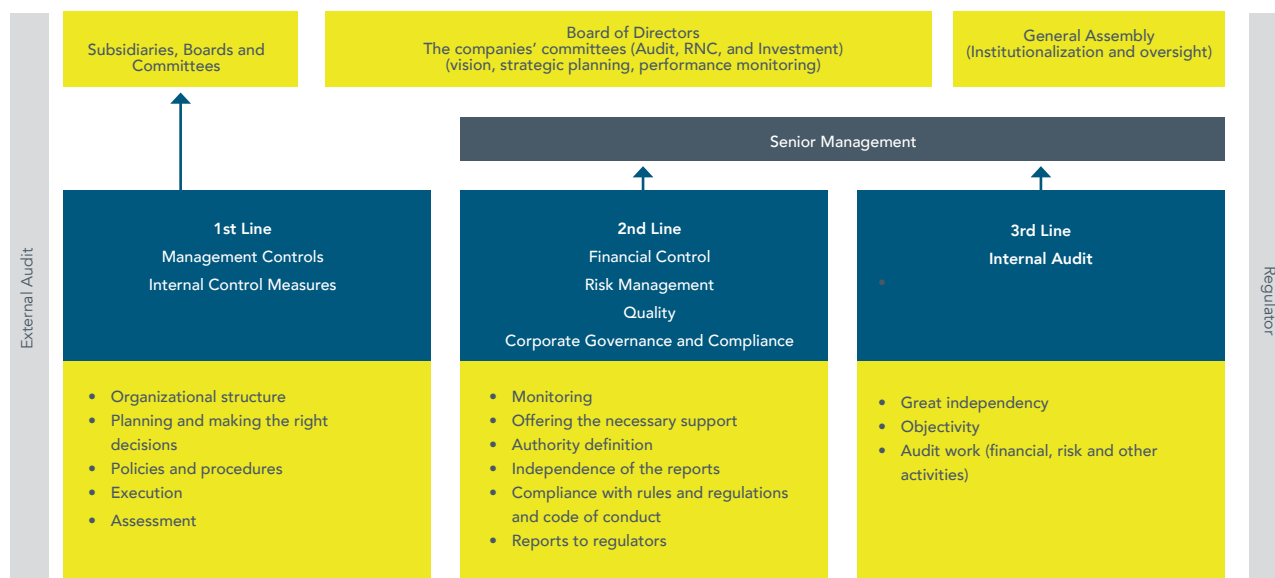
- Established a dedicated risk management function at the Group and its main subsidiaries. The function comprises a dedicated team leading the risk management activities at enterprise level, as well as assigned risk champions who implement risk management activities within respective business units/functions.
- A risk management framework and governance policy, approved by the Board of Directors.
- Launched WAEI risk guide program as part of promoting its risk management culture.
- Conducted multiple risk awareness sessions across the Group and its subsidiaries.
- Conducted a risk assessment for various key functions at the Group and its main subsidiaries.
- Proactively identified emerging external risks and communicated them with the relative functions for assessment.
- A Governance, Risk and Compliance (GRC) system has been implemented to effectively enhance managing risk assessments and registers, management issues, key risk indicators, policy management, and internal audit at Savola Group and its main subsidiaries, Savola Foods and Panda, autonomously.
- Established an Executive Risk Management Committee (ERMC) at Savola Group level, that mainly aims to:
 - Assess and challenge risk decisions
 - Monitor and provide insights to the risk management process
 - Provide recommendations to the Board

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

- **Three Lines of Defense**

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

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



3-2) Financial instruments and risk management

a) Financial risk management

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

b) Risk management framework

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

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The Executive Management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets, and any changes and compliance issues are reported to the Board of Directors through the Audit Committee.

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

The Audit Committee oversees compliance by management with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Financial instruments carried on the consolidated statement of financial position include cash and cash equivalents, trade and other receivables, investments, long-term receivables, borrowings, lease liabilities, derivatives, accounts payable and accrued, and other current liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

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

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MAIN ACTIVITIES AND FINANCIAL DISCLOSURES

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises 3 types of risk: interest rate risk, currency risk and other price risk.

c-1) Interest rate risk

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

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

c-2) Currency risk

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

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

d) Price risk

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

e) Credit risk

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

f) Liquidity risk

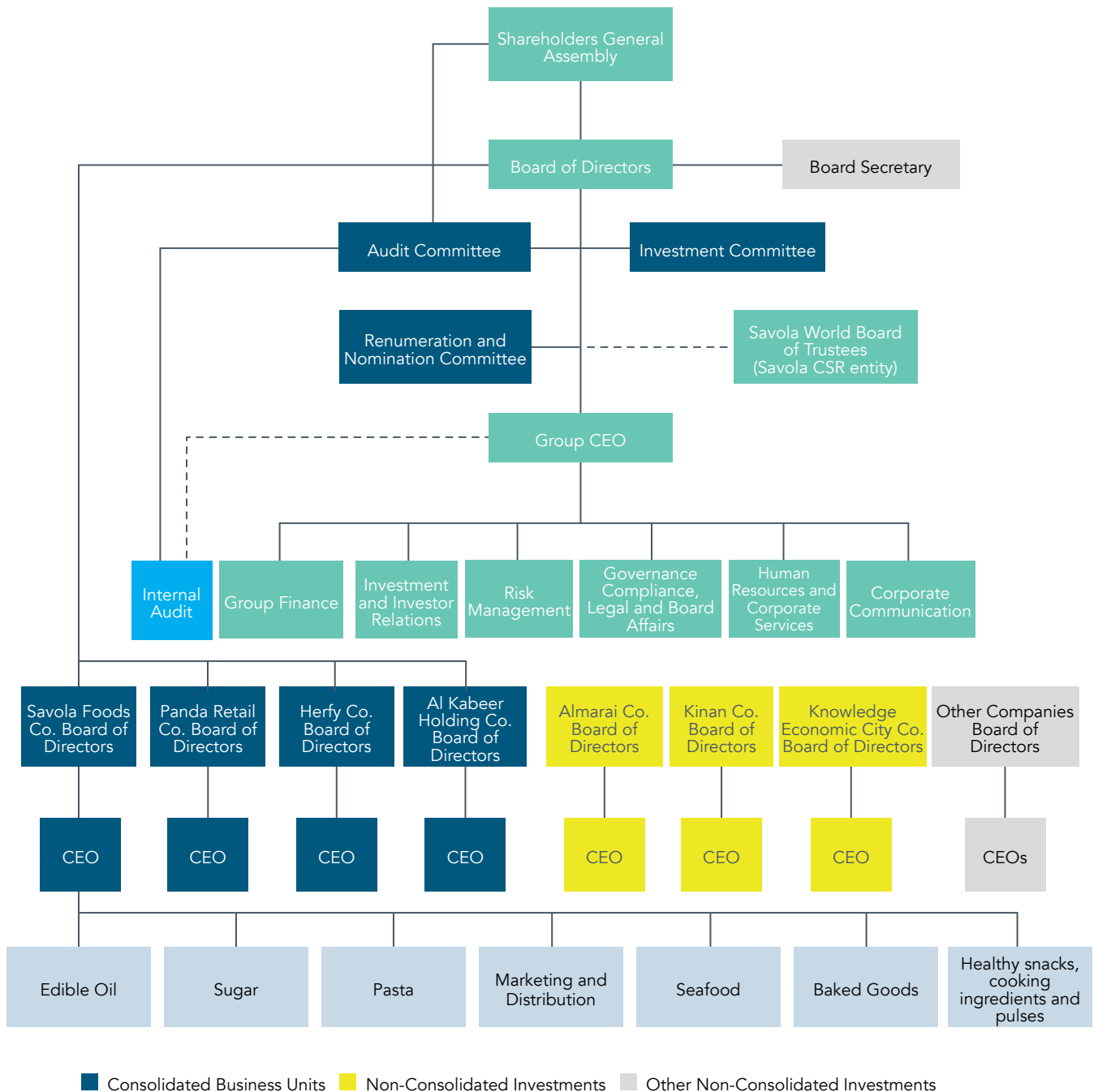
Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring,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

g) Fair value of assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. For further details, the same item can be reviewed in the clarification notes accompanying the company's financial statements for 2021.

CORPORATE GOVERNANCE REPORT AND MAJOR RELEVANT DISCLOSURES

Organization structure:



DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT AND MAJOR RELEVANT DISCLOSURES

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

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

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

a-2) Composition of the Board:

The company's bylaws have set the number of members of the Board of Directors to be 11 members, which is in line with the Companies' Law and Corporate Governance Regulations issued by the CMA. Accordingly, the Board was elected by the AGM held on 8 May 2019 for the current term that started on 1 July 2019 for a period of 3 years ending on 30 June 2022. All the elected members are either Non-Executive or Independent (to review the qualifications, experience of the members and their classification please refer to the beginning of this Report). As the current Board's office term will end by 30 June 2022, the nomination process was opened for Board membership for the new office term, which will begin as of 1 July 2022, and it was closed on the 28 February 2022, and the new Board for the new office term will be elected by the company AGM during the upcoming meeting, after securing the relevant authority approval in this regard.

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

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

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

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

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CORPORATE GOVERNANCE REPORT AND MAJOR RELEVANT DISCLOSURES

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3.	Mr. Essam Abdulkadir Al Muhaidib	Savola Group	Inside	Listed	Emaar Middle East Co.	Inside	Limited Liability
		Bawan Co.	Inside	Listed	Zohoor Alreef Trading Co.	Inside	Unlisted
		Abdulkadir Al Muhaidib & Sons Co.	Inside	Unlisted	Al Yamamah Steel Industries Co.	Inside	Unlisted
		Shamia Real Estate Development Co.	Inside	Limited Liability	Thabat Construction Co. Limited	Inside	Limited Liability
		Rafal Real Estate Co.	Inside	Unlisted	Middle East Paper Co. (MEPCO)	Inside	Listed
		National Housing "Al watanyah Al eskan" Co.	Inside	Unlisted	Emdad Human Resources & Manpower Supply Co.	Inside	Unlisted
		Panda Retail Co.	Inside	Unlisted	Al Salam Bank Bahrain	Outside	Listed
		Safenat Arabian Contracting Company	Inside	Limited Liability	Nesaj Real Estate Development Co.	Inside	Limited Liability
		Al Muhaidib Holding	Inside	Unlisted	Al Latifia Trading & Contracting Co.	Inside	Limited Liability
		That Al Sawary Co.	Inside	Limited Liability	Amwal Al Khaleej for Commercial Investment Co.	Inside	Limited Liability
		Romansiah Co. Limited	Inside	Unlisted	Albalad Al Amin Co.	Inside	Unlisted
		Tharwa City for Real Estate Co.	Inside	Unlisted	Al Oula for Real Estate Development Co.	Inside	Unlisted
		Vision International Invest Holding Co.	Inside	Unlisted	International Timber Co.	Inside	Unlisted
		Ekseer Alkhaleej Contracting Co.	Inside	Limited Liability	Bloom Invest Co.	Inside	Limited Liability
		Buhairat Alkhobar Real Estate Development Co.	Inside	Limited Liability	Saudi Tabreed Co.	Inside	Limited Liability
		Mayar Foods Co.	Inside	Limited Liability	Sulaiman Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability
		Atheel Holding Co.	Inside	Limited Liability	Emad Abdulkadir Al Muhaidib Co.	Inside	Limited Liability
		Saudi Tharwa for Real Estate Investment & Development Co.	Inside	Limited Liability	Awatf Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability
		Atheel Arabia for Services Co. Limited	Inside	Limited Liability	Maryam Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability
		Amwal Al Ajyal Holding Co.	Inside	Limited Liability	Hayfa Abdulkadir Al Muhaidib Co.	Inside	Limited Liability
Qalaa Trading & Contracting Co.	Inside	Limited Liability	Lolwah Sulaiman Almudaiheem & Partners	Inside	Limited Liability		
Shaas for Water Services Co.	Inside	Limited Liability	Himmah Logistics Co.	Inside	Limited Liability		

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		Shaas for Water Services Co. Ltd.	Inside	Limited Liability	Muhail for Operation and Maintenance Co.	Inside	Limited Liability
		Taj Al Awfia Co.	Inside	Limited Liability	Tamader Abdulkadir Al Muhaidib Co.	Inside	Limited Liability
		Tanmiat Al Ahlam for Construction	Inside	Limited Liability	International Co.for Water and Energy Development (Acwa)	Inside	Unlisted
		Jadeer Investment Holding Co.	Inside	Limited Liability	Al Jadeer Logistics Services	Inside	Limited Liability
					Masdar Building Materials Co.	Inside	Unlisted
					Mayar Transport & Warehousing Co.	Inside	Limited Liability
					Essam Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability
					Nokhbat Alkwader Co.	Inside	Limited Liability
					Spring Water Factory Co. Ltd.	Inside	Limited Liability
					Al Manhal Water Services Factory	Inside	Limited Liability
					Naqiah Water Factory Limited	Inside	Limited Liability
					Nestle Water Factory Co. Ltd.	Inside	Limited Liability
					Rivers Water Factory Co. Ltd.	Inside	Limited Liability
					Herfy Food Services Co.	Inside	Listed
4.	Mr. Abulaziz Khaled Al Ghufaily	Savola Group	Inside	Listed	Herfy Food Services Co.	Inside	Listed
		Alrajhi Bank	Inside	Listed	Tabuk Agriculture Development Co.	Inside	Listed
		Al Rajhi Capital	Inside	Unlisted	National Medical Care Co.	Inside	Listed
		Savola Foods Co.	Inside	Unlisted	The Industrialization & Energy Services Co.	Inside	Unlisted
		National Petrochemical Industries Company	Inside	Unlisted	Riyadh Hotels & Entertainment Co.	Inside	Unlisted
					Saudi Industries Development Co.	Inside	Unlisted
					Panda Retail Co.	Inside	Unlisted
5.	Eng. Mutaz Qusai Alazawi	Savola Group	Inside	Listed	Merrill Lynch Kingdom of Saudi Arabia	Inside	Unlisted
		Herfy Food Services Co.	Inside	Listed			
		Arabian Cement Co.	Inside	Listed			
		Riyad Bank	Inside	Listed			

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		Etihad Etisalat (Mobily)	Inside	Listed			
		Ready Mix Concrete & Construction Supplies Ltd.	Outside	Listed			
		Savola Foods Co.	Inside	Unlisted			
		United Sugar Co.	Inside	Unlisted			
		Afia International Co.	Inside	Unlisted			
		United Sugar Co. Egypt	Outside	Unlisted			
		Alexandria Sugar Co. Egypt	Outside	Unlisted			
		El Maleka for Food Industries Co.	Outside	Unlisted			
		Qatrana Cement Co.	Outside	Unlisted			
		Afia International Co. Egypt	Outside	Unlisted			
		Saudi Industrial Construction & Engineering Projects Ltd.	Inside	Limited Liability			
		Saudi Technology and Trade Co.	Inside	Limited Liability			
		Al Wusataa for Development	Inside	Limited Liability			
6.	Mr. Fahad Abdullah Al Kassim	Savola Group	Inside	Listed	Albilad Bank	Inside	Listed
		Jarir Marketing Co.	Inside	Listed	Abdullatif Al Issa Holding Group	Inside	Unlisted
		Dur Hospitality	Inside	Listed	Naqel Co.	Inside	Unlisted
		Dallah Health Care Services	Inside	Listed	Al Rajhi Alpha Investment Holding Co.	Inside	Limited Liability
		Al Riyadh Development Co.	Inside	Listed	Naqel Company	Inside	Unlisted
		Dr. Mohammed Rashid Al Fagih & Associates	Inside	Unlisted	Al Rajhi Alfa Investment Holding Co.	Inside	Limited Liability
		Al Rajhi United Investment Holding Co.	Inside	Unlisted	Raj Real Estate Co.	Inside	Limited Liability
		Alargan Projects Co.	Inside	Unlisted	National General Automotive Co.	Inside	Limited Liability
		Mohammed Abdulaziz Al Habib & Sons Holding Co.	Inside	Unlisted	Amwal Financial Consultations	Inside	Limited Liability
		Abdullah Ibrahim Al Subaei Holding (AIMS)	Inside	Unlisted	Saudi Post	Inside	Gov. Corporation
		Areez Commercial Investment Co. Ltd.	Inside	Limited Liability			

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		Baseqat Al Khaleej Co.	Inside	Limited Liability			
		Fincorp Investment Holding Co.	Outside	Unlisted			
		Century 21 & Partner for Real Estate Appraisal Co.	Inside	Professional Co.			
		Fahad Abdullah Al Kassim Auditing Office	Inside	Individual entity			
		Savola World Foundation	Inside	Non-profit Organization			
		Jarir Investment Company	Inside	Unlisted			
7.	Mr. Mohammed Ibrahim Al Issa	Savola Group	Inside	Listed	Sukoon Real Estate	Inside	Unlisted
		Kinan International for Real Estate Development Co.	Inside	Unlisted	Al Aqeeq Real Estate	Inside	Unlisted
		Assila Investments Co.	Inside	Unlisted			
		BlackRock Saudi Arabia,	Inside	Unlisted			
8.	Mr. Abdulrahman Mohammed Ramzi Addas	Savola Group	Inside	Listed	Bank Albilad	Inside	Listed
		Alinma Bank	Inside	Listed	Al Soraie Industrial & Trading Co.	Inside	Listed
		Diyar Al Khayyal Real Estate Development Co.	Inside	Limited Liability	Red Sea Markets Co. Ltd.	Inside	Limited Liability
		Tunisian Saudi Bank	Outside	Joint venture for the Saudi Ministry of Finance	Keppel Alnumu Co.	Inside	Limited Liability
		Al Rabie Saudi Foods Co. Ltd.	Inside	Limited Liability	Sedco Capital	Inside	Limited Liability
		Environment Fund	Inside	Gov. Entity	Abdulaziz Al Saghair Holding Co.	Inside	Limited Liability
		Savola World Foundation	Inside	Non-profit Organization	Quantum Investment Bank	Outside	Limited Liability
					International Co. for Water and Energy Development (Acwa)	Inside	Limited Liability
					Ahmed Mohammed Saleh Baeshen & Co.	Inside	Unlisted
					ARCOMA Co.	Inside	Limited Liability
9.	Mr. Rakan Abdulaziz Al Fadl	Savola Group	Inside	Listed	Rabya Co.	Inside	Limited Liability
		Sahara Building Contractors Co.	Inside	Limited Liability	Al Takamul Group Co.	Inside	Holding Co.

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		Alfadl Group	Inside	Limited Liability			
		Alfadl Real Estate Co.	Inside	Limited Liability			
		Alfadl Investments Co.	Inside	Limited Liability			
10.	Dr. Adnan Abdulfattah Soufi	Savola Group	Inside	Listed	Bupa Arabia Co.	Inside	Listed
		Fitaihi Group Co.	Inside	Listed	Arabian Cement Co.	Inside	Listed
		Natixis Saudi Arabia Investment Co.	inside	Unlisted	SEDCO Holding Group	Inside	Unlisted
		Wadi Jeddah Co.	Inside	Unlisted	Awj Holding Co.	Inside	Limited Liability
		Panda Retail Co.	Inside	Unlisted	Alahli Capital Co.	inside	Unlisted
		Saudi Company for Industrial Services	Inside	Listed			
11.	Mr. Bader Hamad Al Rabiah	Savola Group	Inside	Listed	none		
		Middle East Petrochemical Company	inside	Unlisted			
		Noor Financial Investment Co.	Outside	Listed			
		Palms Agro Production Co.	Outside	Listed			
		Al Manar Financing and Leasing Co.	Outside	Listed			
		Meezan Bank	Outside	Listed			
		Al Durra National Real Estate Co.	Outside	Unlisted			
		Noor Al Salhiya Real Estate Co.	Outside	Unlisted			
		International Hotels Group Co.	Outside	Unlisted			
		Ikarus Real Estate Co. (WLL)	Outside	Limited Liability			

a-4) Summary of Committee members' CVs:

Member name	Current positions	Previous positions	Qualifications	Experience
Remuneration and Nomination Committee members:				
1. Mr. Rakan Abdulaziz Al Fadl				
2. Mr. Bader Abdullah Al Issa				
3. Mr. Essam Abdulkadir Al Muhaidib		Their current and previous positions, qualifications and experience were mentioned earlier in this Report		
4. Mr. Abdulrahman Mohammed Ramzi Addas				
5. Mr. Johan Brand	Managing Director/ Owner, Johan Brand Leadership Advisory DWC-LLC (2016-present) Member of the Remuneration and Nomination Committee with Ghobash Trading & Investments	Senior Partner and Consultant, Egon Zehnder (1995-2016); PepsiCo, Director PCI Management Institute (1993-1995)	MSc, Business Economics, Erasmus University Rotterdam, The Netherlands; MA, Business Law, and MA, Private Law, Erasmus University Rotterdam, The Netherlands; Certified Professional Director, Hawkamah/ Mudara Institute of Directors	Wide and independent experience as a leadership professional, and his focus is on making boards and C-level leadership more effective. Advisor to Chairmen, Family Heads and CEOs.
Investment Committee members:				
1. Eng. Mutaz Qusai Alazawi				
2. Mr. Abdulaziz Khaled Al Ghufaily				
3. Mr. Fahad Abdullah Al Kassim		Their current and previous positions, qualifications and experience were mentioned earlier in this Report		
4. Dr. Adnan Abdulfattah Soufi				
5. Mr. Mohammed Ibrahim Al Issa				

DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT AND MAJOR RELEVANT DISCLOSURES

a-5) Board meetings attendance record:

In order to enhance its role and responsibilities, the Board held 7 meetings during the year. The below schedule shows the attendance records for each meeting during 2021:

No.	Member	Meetings during 2021							No. of attendance
		27 Jan	28 April	30 June*	15 Sept**	27 Oct	18 Dec	19 Dec	
1.	Mr. Sulaiman Abdulkadir Al Muhaidib	√	√	-*	√	√	√	√	6 of 6*
2.	Mr. Bader Abdullah Al Issa	√	√	√	√	√	√	√	7 of 7
3.	Mr. Essam Abdulkadir Al Muhaidib	√	√	-*	√	√	√	√	6 of 6*
4.	Mr. Abdulaziz Khaled Al Ghufaily	√	√	√	√	√	√	√	7 of 7
5.	Eng. Mutaz Qusai Alazawi	√	√	√	√	√	√	√	7 of 7
6.	Mr. Fahad Abdullah Al Kassim	√	√	√	√	√	√	√	7 of 7
7.	Mr. Mohammed Ibrahim Al Issa	√	√	√	√	√	√	√	7 of 7
8.	Mr. Abdulrahman Mohammed Ramzi Addas	√	√	√	√	√	√	√	7 of 7
9.	Mr. Rakan Abdulaziz Al Fadl	√	√	√	√	√	√	√	7 of 7
10.	Dr. Adnan Abdulfattah Soufi	√	√	√	√	√	√	√	7 of 7
11.	Mr. Bader Hamad Al Rabiah	√	√	√	X	√	√	√	6 of 7
-	Mr. Elnour Ali Saad (Board Secretary)	√	√	√	√	√	√	√	7 of 7

The last meeting of the General Assembly was held on 28 April 2021 and the attendance records above reflects the attendance of the Board members during the full year before and after the General Assembly.

Notes:

** The financial results for Q2 2021 were approved by the Board of Directors by circulation based on the Audit Committee's recommendation at its meeting held on 3 August 2021.

* The 30 June meeting was held to discuss Bayara Co. acquisition, and as Mr. Mr. Sulaiman Al Muhaidib and Mr. Essam Al Muhaidib have a conflict of interest (they own a competing business with Bayara) they did not attend the meeting due to this conflict of interest and this was minuted in the meeting minute.

a-6) Board members attendance record for the General Assembly meeting:

One meeting of the Shareholders General Assembly was held virtually during the last fiscal year due to the precautionary measures to limit the spread of Coronavirus (COVID-19). The following is a list of the members of the Board of Directors present during the meeting:

No.	Board Member	Position	EGM No. 33 (28 April 2021)	No. of meetings attended
1.	Mr. Sulaiman Abdulkadir Al Muhaidib	Chairman	√	1 of 1
2.	Mr. Bader Abdullah Al Issa	Vice Chairman	√	1 of 1
3.	Mr. Abdulaziz Khaled Al Ghufaily	Member	√	1 of 1
4.	Mr. Essam Abdulkadir Al Muhaidib	Member	√	1 of 1
5.	Mr. Fahad Abdullah Al Kassim	Member and Chairman of AC	√	1 of 1
6.	Eng. Mutaz Qusai Alazawi	Member and Chairman of IC	√	1 of 1
7.	Mr. Mohammed Ibrahim Al Issa	Member	√	1 of 1
8.	Mr. Abdulrahman Mohammed Ramzi Addas	Member	√	1 of 1
9.	Mr. Rakan Abdulaziz Al Fadl	Member and Chairman of RNC	√	1 of 1
10.	Dr. Adnan Abdulfattah Soufi	Member	√	1 of 1
11.	Mr. Bader Hamad Al Rabiah	Member	√	1 of 1

b) Board Committees:

b-1) Remuneration and Nomination Committee:

• **Meetings and role of the Committee:**

The Remuneration and Nomination Committee (RNC) consists of 5 members who are Independent and Non-Executive Board members and external experts with experience in the field of the Committee's mandates. The Committee held 4 meetings during 2021. During its meetings the RNC followed up its responsibilities in the field of remuneration, nominations and corporate governance. A summary of the main responsibilities of the Committee, statement of its membership and attendance during the year are as follows:

• **Summary of the Committee's role, duties and main responsibilities:**

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

a) With regards to Remuneration:

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

b) With regards to Nomination:

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

c) With regards to Corporate Governance (CG):

Ensure that the company is in compliance with CG regulations issued by CMA and the company's CG Manual and policies, and review; update the CG Manual and rules pursuant to statutory requirements and best practices; as well as review and develop a code of professional conduct representing the company's values and other internal policies and procedures in order to fulfill the company's requirements, and comply with best practices; regularly inform the Board members of the developments in corporate governance and best practices, as well as all the competences stipulated in Article (94) of the CG regulation issued by CMA.

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

Statement of attendance for Committee meetings held during 2021:

No.	Member	Meetings during 2021				Total
		26 Jan	27 April	14 Sep	26 Oct	
1.	Mr. Rakan Abdulaziz Al Fadh (Chairman) (Independent Board member)	√	√	√	√	4 of 4
2.	Mr. Essam Abdulkadir Al Muhaidib (Non-Executive Board member)	√	√	√	√	4 of 4
3.	Mr. Bader Abdullah Al Issa (Non-Executive Board member)	√	√	√	√	4 of 4
4.	Mr. Abdulrahman Mohammed Ramzi Addas (Independent Board member)	√	√	√	√	4 of 4
5.	Mr. Johan Brand (Independent External member)	√	√	√	√	4 of 4
-	Mr. Morhaf Mohammed Alsamman (Committee Secretary)	√	√	√	√	4 of 4

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b-2) Investment Committee:

• Meetings and role of the Committee:

The Investment Committee consists of 5 members, all of them are Non-Executive and Independent Board members. The Committee held 6 meetings during 2021 to enhance the role of the Board in following and implementing the strategic plans in relation to investment opportunities. Below is a summary of the Committee's role, responsibilities, membership, and the number of meetings held during 2021:

• Summary of the Committee's role, duties and main responsibilities:

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

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

Statement of attendance for Committee meetings held during 2021:

No.	Member	Meetings during 2021					Total	
		16 March	27 April	28 June	13 July	14 Sept		11 Oct
1.	Eng. Mutaz Qusai Alazawi (Chairman) (Non-Executive Board member)	√	√	√	√	√	√	6 of 6
2.	Mr. Abdulaziz Khaled Al Ghufaily (Non-Executive Board member)	√	√	√	√	√	√	6 of 6
3.	Mr. Fahad Abdullah Al-Kassim (Independent Board member)	√	√	√	√	√	√	6 of 6
4.	Dr. Adnan Abdulfattah Soufi (Non-Executive Board member)	√	√	√	√	√	√	6 of 6
5.	Mr. Mohammed Ibrahim Al Issa (Non-Executive Board member)	√	√	√	√	√	√	6 of 6
-	Mr. Elnour Ali Saad (Committee Secretary)	√	√	√	√	√	√	6 of 6

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

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

- During 2021, Savola engaged Governance Compass, an external and independent consulting firm which is a non-related party to the Group to conduct to a comprehensive effectiveness evaluation for the Board and Committees. Governance Compass is a qualified consulting firm specialized in Board and leadership effectiveness assessment. The assessment performed by Governance Compass covered the performance of the Board and the Committees and their meetings throughout 2021.
- The assessment was made under the RNC's supervision. The mechanisms, methodology and criteria for the assessment were presented to the Board for alignment before execution. This included interviews with all Board and Committee members in addition to a comprehensive questionnaire, which was carried out and completed by all members. Areas included in the questionnaire and interviews covered the duties and responsibilities of the Board and the Committees in line with their fiduciary obligations. In addition, the assessment included the effectiveness of the Board and the Committees' meetings such as members' participation and interaction in the discussions during the meetings, to reach informed decisions that enhance the company's performance and ability to achieve its objectives. This year evaluation methodology included meeting observations, by the attendance in person by a Governance Compass representative at 1 or 2 meetings, to assess the Board meeting's dynamics, the ability to engage in high-quality discussions and to the decision-making process. This is the first time such method has been used.

- Governance Compass also continued conducting Board Meeting Effectiveness (BME) surveys to assess the effectiveness of the participation of the members of the Board and the Committee's and their interaction in the discussions during the meetings to reach informed decisions that enhance the company's performance and its ability to achieve its objectives during 2021. The continued assessment results were shared with the Board and an action plan has been developed to address the recommendations which are being implemented.
- The periodic evaluation of the effectiveness of the discussions and decision-making during the Board and the Committee's meetings (BME surveys) will continue for the year 2022.

It's also worth mentioning, that Board conducted 2 workshops during 2021, with the purpose of reviewing the Group's strategy as it included international and local experiences regarding corporate strategic transformation and adding value strategies which were presented by an external expert Dr. Peter Fisk. The first workshop was held on 27 October 2021 for 1 full day, and the second workshop was for 2 full days (18-19 December 2021). During the workshops Dr. Fisk presented global indicators in the Food and Retail sectors in terms of development, acceleration and the importance of technology locally, regionally and internationally in this field. He also discussed the importance of strategic planning for companies and the mechanisms of its application in general and how to take advantage of that and apply it to the operations of the Group and its subsidiaries. During the workshop, the Board members were divided into groups for further brainstorming.

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

d-1) General standards for remuneration:

The shareholders' AGM held on 2 November 2017 approved the Remuneration Policy of the Board of Directors, Committees and Executive Management. This policy regulates the remuneration of the Board of Directors, Committees and the Executive Management of Savola Group to meet the provisions of paragraph (1) of Article (61) of the CMA Corporate Governance Regulation.

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

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

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

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

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

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

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

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

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d-4) Remuneration of the Board Members

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

No.	Member name	Title	Fixed remunerations			Variable remunerations							Aggregate amount	Expenses allowance			
			Specific amount	Allowance for attending Board meetings	Total allowance for attending Committee meetings	In-kind benefits	Remunerations for technical, managerial and consultative work	Remunerations of the Chairman, Managing Director or Secretary, if a member	Total	Percentage of the profits	Periodic remunerations	Short-term incentive plans			Long-term incentive plans	The value of the granted shares	Total
First: Independent Directors:																	
1.	Mr. Bader Hamad Al Rabbiah	Member	200,000	30,000	30,000	-	-	-	260,000	-	-	-	-	-	-	260,000	7,100
2.	Mr. Fahad Abdullah Al Kassim	Member	200,000	35,000	60,000	-	-	-	295,000	-	-	-	-	-	-	295,000	34,800
3.	Mr. Abdulrahman Mohammed Ramzi Addas	Member	200,000	35,000	20,000	-	-	-	255,000	-	-	-	-	-	-	255,000	-
4.	Mr. Rakan Abdulaziz Al Fadl	Member	200,000	35,000	20,000	-	-	-	255,000	-	-	-	-	-	-	255,000	-
Second: Non-Executive Directors:																	
5.	Mr. Sulaiman Abdulkadir Al Muhaidib (not a member of any Committee)	Chairman	200,000	30,000	N/A	-	-	-	230,000	-	-	-	-	-	-	230,000	28,200
6.	Mr. Bader Abdullah Al Issa	V-Chairman	200,000	35,000	20,000	-	-	-	255,000	-	-	-	-	-	-	255,000	28,200
7.	Mr. Essam Abdulkadir Al Muhaidib	Member	200,000	30,000	20,000	-	-	-	250,000	-	-	-	-	-	-	250,000	31,400
8.	Mr. Abdulaziz Khaled Al Ghufaily	Member	200,000	35,000	30,000	-	-	-	265,000	-	-	-	-	-	-	265,000	28,200
9.	Dr. Adnan Abdulfattah Soufi	Member	200,000	35,000	30,000	-	-	-	265,000	-	-	-	-	-	-	265,000	-
10.	Eng. Mutaz Qusai Alazawi	Member	200,000	35,000	30,000	-	-	-	265,000	-	-	-	-	-	-	265,000	30,306
11.	Mr. Mohammed Ibrahim Al Issa	Member	200,000	35,000	60,000	-	-	-	295,000	-	-	-	-	-	-	295,000	28,200
Total			2,200,000	370,000	320,000	-	-	-	2,890,000	-	-	-	-	-	-	2,890,000	216,406

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d-5) Remuneration of Committees members:

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

No.	Committee / member name	Title	Fixed remuneration (excluding the allowance for attending Board meetings)	Attendance fees (5,000 per meeting)	Total	Expenses allowance
Audit Committee Members:						
1.	Mr. Fahad Abdullah Al Kassim (Independent, Savola Board member)	Chairman	150,000	30,000	180,000	Mentioned in the previous Board remuneration table
2.	Mr. Mohammed Ibrahim Al Issa (Non-Executive, Savola Board member)	Member	150,000	30,000	180,000	Mentioned in the previous Board remuneration table
3.	Mr. Bader Hamad Al-Rabiah (Independent, Savola Board member)	Member	150,000	30,000	180,000	Mentioned in the previous Board remuneration table
4.	Dr. Abdul Raouf Suliman Banaja (Independent, external member)	Member	150,000	30,000	180,000	N/A
5.	Mr. Tareq Abdullah Al-Garaawy (Independent, external member)	Member	150,000	30,000	180,000	0
Total			750,000	150,000	900,000	0
Remuneration and Nomination Committee Members:						
1.	Mr. Rakan Abdulaziz Al Fadl (Independent, Savola Board member)	Chairman	100,000	20,000	120,000	NA
2.	Mr. Bader Abdullah Al Issa (Non-Executive, Savola Board member)	Member	100,000	20,000	120,000	Mentioned in the previous Board remuneration table
3.	Mr. Essam Abdulkadir Al Muhaidib (Non-Executive, Savola Board member)	Member	100,000	20,000	120,000	Mentioned in the previous Board remuneration table
4.	Mr. Abdulrahman Mohammed Ramzi Addas (Independent, Savola Board member)	Member	100,000	20,000	120,000	N/A
5.	Mr. Johan Brand (Independent, external member)	Member	100,000	20,000	120,000	0
Total			500,000	100,000	600,000	0
Investment Committee Members:						
1.	Eng. Mutaz Qusai Alazawi (Non-Executive, Savola Board member)	Chairman	100,000	30,000	130,000	Mentioned in the previous Board remuneration table
2.	Mr. Abdulaziz Khaled Al Ghufaily (Non-Executive, Savola Board member)	Member	100,000	30,000	130,000	Mentioned in the previous Board remuneration table
3.	Mr. Fahad Abdullah Al Kassim (Independent, Savola Board member)	Member	100,000	30,000	130,000	Mentioned in the previous Board remuneration table
4.	Mr. Mohammed Ibrahim Al Issa (Non-Executive, Savola Board member)	Member	100,000	30,000	130,000	Mentioned in the previous Board remuneration table
5.	Dr. Adnan Abdulfattah Soufi (Non-Executive, Savola Board member)	Member	100,000	30,000	130,000	N/A
Total			500,000	150,000	650,000	-

d-6) Senior Executives' compensation of Savola Group for 2021:

Compensation and benefits paid to 5 Senior Executives including the CEO and CFO of the Group during 2021 were:

No.	Description	Senior executives' (5 in total) compensation including the CEO and the CFO (SAR '000s)
Fixed remuneration		
-	Salaries	11,547
-	Allowances (including housing, transportation, health insurance, education allowance, etc.)	4.041
-	In-kind benefits	621
Total of fixed remuneration		16.209
Variable remuneration		
-	Periodic remuneration	-
-	Profits	-
-	Short-term incentive plans (including performance-related bonus for 2021)	16.572
-	Long-term incentive plans	-
-	The value of the Granted shares	-
Total of variable remuneration		16.572
-	End of service award	748
-	Total remuneration for Board Executives, if any	-
Grand total		33.529

Clarification: The Group has complied with the disclosure of the components of the Senior Executives' remuneration on aggregate in line with the requirements of subparagraph (b) of paragraph (4) of Article 93 of the Corporate Governance Regulations issued by CMA, but to protect the interests of the company, its shareholders and employees, and to avoid any damage that may occur as a result of disclosing the detailed Senior Executives' remuneration by position, the company did not disclose the details as per Appendix (1) of the CG Regulations.

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

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

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e) Description of any interest of the Board Members, Senior Executives and their relatives

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

Board members and their relatives:							
No.	Names of members whom the interest, contractual securities or rights issue belongs to	Beginning of the year		End of the year		Net change	Percentage of change
		Shares	Debt instruments	Shares	Debt instruments		
First: Board members:							
1.	Mr. Sulaiman Abdulkadir Al Muhaidib	1,000	-	1,000	-	0	0%
2.	Mr. Bader Abdullah Al Issa	1,025	-	1,025	-	0	0%
3.	Mr. Abdulaziz Khaled Al Ghufaily	1,000	-	1,000	-	0	0%
4.	Mr. Essam Abdulkadir Al Muhaidib	2,500	-	2,500	-	0	0%
5.	Eng. Mutaz Qusai Alazawi	1,000	-	1,000	-	0	0%
6.	Mr. Fahad Abdullah Al Kassim	2,000	-	2,000	-	0	0%
7.	Mr. Mohammed Ibrahim Al Issa	1,000	-	1,000	-	0	0%
8.	Mr. Abdulrahman Mohammed Ramzi Addas	1,000	-	1,000	-	0	0%
9.	Dr. Adnan Abdulfattah Soufi	1,000	-	1,000	-	0	0%
10.	Mr. Rakan Abdulaziz Al Fadl	142,060	-	142,060	-	0	0%
11.	Mr. Bader Hamad Al Rabiah	2,500	-	2,500	-	0	0%
Second: Board members' relatives: N/A							

e-2) Description of any interest of the Senior Executives and their relatives in shares or debt instruments of the company:

Senior Executives and their relatives:							
No.	Names of executives whom the interest, contractual securities or rights issue belongs to	Beginning of the year		End of the year		Net change	Percentage of change
		Shares	Debt instruments	Shares	Debt instruments		
First: Senior Executives:							
1.	Mr. Waleed Khalid Fatani (Savola Group CEO)	26	-	26	-	0	0%
2.	Mr. Sameh Hassan (Savola Foods Co. CEO)	0	-	0	-	0	0%
3.	Dr. Bander Talaat Hamooh (Panda Retail Co. CEO)	26	-	26	-	0	0%
4.	Mr. Wajid Usman Khan (Chief Financial Officer)	0	-	0	-	0	0%
5.	Mr. Mohammed Nasr (Executive Director - Investment)	0	-	0	-	0	0%
6.	Mr. Elnour Ali Saad (Executive Director Corporate Governance and Legal Affairs and Board Secretary)	0	-	7,800	-	7,800	100%
7.	Mr. Morhaf Mohammed Alsamman (Executive Director Human Resources and Corporate Services)	0	-	0	-	0	0%
Second: Senior executives' relatives: N/A							

e-3) Description of any interest of Board members and their relatives in shares or debt instruments in Herfy Food Services Co. (a listed subsidiary of Savola Group):

No.	Names of Executives whom the interest, contractual securities or rights issue belongs to	Beginning of the year		End of the year		Net change	Percentage of change
		Shares	Debt instruments	Shares	Debt instruments		
First: Board members:							
1.	Mr. Essam Abdulkadir Al Muhaidib	1,960	–	1,960	–	0	0%
2.	Eng. Mutaz Qusai Alazawi	1,400	–	1,400	–	0	0%
Second: Board members' relatives: N/A							
Third: Executive Management: N/A							
Fourth: Executive Managements' relatives: N/A							

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

No.	Date	Resolutions / Announcement subject
1.	27/01/2021	Approval of Interim Financial Results for the period ended on 31 December 2020 (12 months)
2.	27/01/2021	The Board recommendation to distribute cash dividends to its shareholders for the year 2020.
3.	10/03/2021	Announcement of the company's intention to purchase its shares
4.	16/03/2021	Approval of the Annual Financial Results for the year ended on 31 December 2020
5.	05/04/2021	Savola Group invites its shareholders to attend the Extraordinary General Assembly Meeting (No.33) (first meeting)
6.	06/04/2021	Correction to the announcement of Savola Group regarding the invitation to the shareholders to attend the Extraordinary General Assembly Meeting (No.33) (first meeting).
7.	22/04/2021	The Savola Group announces to its shareholders the commencement date of the electronic voting on the agenda of its Extraordinary General Assembly Meeting (EGM) No. 33 (first Meeting)
8.	29/04/2021	Approval of the Interim Financial Results for the period ended on 31 March 2021 (3 months)
9.	29/04/2021	Announcement of the results of the Extraordinary General Assembly Meeting No. (33) (first Meeting)
10.	11/07/2021	The Savola Group announces that its subsidiary, Savola Foods Company, has signed a binding agreement to acquire 100% of Bayara Holding Limited.
11.	04/08/2021	Approval of the Interim Financial Results for the period ended on 30 June 2021 (6 months)
12.	12/09/2021	Announcement of the results of its shares buy-back (first tranche)
13.	30/09/2021	The Savola Group announces that its subsidiary Savola Foods Company has obtained a No-Objection Certificate with respect to the completion of the economic concentration transaction relating to the Acquisition of Bayara Holding Limited.
14.	17/10/2021	The Savola Group announces that its subsidiary, Savola Foods Company, completed the acquisition of Bayara Holding Limited.
15.	27/10/2021	Approval of the Interim Financial Results for the period ended on 30 September 2021 (9 months)
16.	30/01/2022	Announcement of the opening of nomination for membership to the Board of Directors for the next office term
17.	01/02/2022	Approval of the Interim Financial Results for the period ended on 31 December 2021 (12 months)
18.	01/02/2022	The Board's recommendation to distribute cash dividends to its shareholders for the year 2021

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g) Shareholders' rights and investor relations

Illustrating Savola's commitment to enhancing its relationship with shareholders, investors and all stakeholders, and because of the Group's strong beliefs in the importance of corporate governance to protect shareholders' rights and maintain effective internal controls through the activation of the Board and its Committees' roles, and commitment to the principles of disclosure and transparency, during 2021, the Group continued to implement and comply with the Corporate Governance Regulations of Saudi Arabia's Capital Market Authority and other relevant regulations. In addition to the performance and financial results previously outlined, Savola discloses information that is of interest to its shareholders and investor community in line with relevant regulations and best international practices adopted by the Group in corporate governance and transparency. These are:

g-1) Shareholder rights and mechanisms of communication:

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

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

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

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

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

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

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

g-4) Savola Group equity profile as of 31 December 2021:

No.	Detail	Value in SAR/Number of shares
1.	Company authorized capital	SAR 5,339,806,840
2.	Issued shares (all company shares are ordinary shares)*	533,980,684
3.	Floated issued shares (by Tadawul records)**	474.447.858
4.	Paid-up capital	SAR 5,339,806,840
5.	Nominal value per share	SAR 10
6.	Paid-up value per share	SAR 10

Declaration:

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

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

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

In accordance with international best practice in Corporate Governance, Savola shares the dates of key anticipated events during 2022 which may be of interest to our valued shareholders and investors:

No.	Dates 2022	Key events for 2022
1.	30 January	Audit Committee meeting to recommend to the Board approval of the financial results for the fourth quarter of 2021
2.	31 January	Board of Directors' meeting regarding the financial results for the fourth quarter of 2021 which will be announced in light of the Board's decision during the prescribed period
3.	Within one week after financial results announcement	Earning call for institutional investors and analysts regarding financial results for Q4, 2021.
4.	24 March	Audit Committee meeting regarding the audited financial results for 2021
5.	24-28 March	The annual financial results for 2021 will be approved by the Board of Directors
6.	28-29 March	Date of publishing the Annual Financial Results of year 2021 on Tadawul and then the Savola website
7.	29-31 March	Date of publishing the Savola Group Annual Report for 2021
8.	16 May	Audit Committee meeting to recommend to the Board approval of the financial results for the first quarter of 2022
9.	16 May	Board of Directors' meeting regarding the financial results for the first quarter of 2022 which will be announced in light of the Board's decision during the prescribed period
10.	16 May	Hold the Annual General Meeting (AGM) which will be announced as per regulation (proposed date subject to the approval of the official authorities)
11.	Within one week after financial results announcement	Earning call for institutional investors and analysts regarding financial results for Q1, 2022.
12.	16-22 August	Audit Committee meeting to recommend to the Board approval of the financial results for the second quarter of 2022
13.	16-22 August	Date of publishing the financial results for the second quarter of 2022 on Tadawul once approved by the Board based on the recommendation of the Audit Committee
14.	Within one week after financial results announcement	Earning call for institutional investors and analysts regarding financial results for Q2, 2022.
15.	6-10 Nov	Audit Committee meeting to recommend to the Board approval of the financial results for the third quarter of 2022
16.	6-10 Nov	Board of Directors' meeting regarding the financial results for the third quarter of 2022 which will be announced in light of the Board's decision during the prescribed period
17.	Within one week after financial results announcement	Earning call for institutional investors and analysts regarding financial results for Q3, 2022.
18.	2nd half of 2022	Conduct annual workshop for the Board of Directors to review the strategy for the Group and its subsidiaries.
19.	During the 2nd quarter of 2022	Date of publishing the Savola Group Sustainability Report for 2021

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

DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT AND MAJOR RELEVANT DISCLOSURES

g-6) The Dividends Distribution Policy:

a) The policy:

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

1. 10% of the net profits shall be set aside to form a statutory reserve. However, the ordinary general assembly may discontinue such procedures when the reserve totals 30% of the paid-up capital.
2. The ordinary general assembly may decide to allocate other reserves, in the amount that serves the company's interests or ensures distribution of stable profits as much as possible to shareholders. The said assembly may, as well, deduct from the net profits such amounts as are required for the setting-up of or providing aid to social institutions for the company's employees.
3. The remaining profits shall be distributed to shareholders pursuant to a recommendation of the Board of Directors as required by the regulations in this regard, taking into account the provisions of Article (46) of the bylaws which states that:
 - Shareholders shall be entitled to his/her share of dividends as per the general assembly resolution issued in this regard in the recommendation of the Board of Directors. The resolution shall specify the maturity date and the distribution date. The entitlement of profits shall be to the shareholders who are registered in the shareholders' records at the end of the maturity date.
 - The company may, under its bylaws, distribute interim dividends (quarterly or bi-annual) to its shareholders after fulfilling the statutory requirements.
4. In light of the dividends policy and the Group's bylaws, the Group used to distribute cash dividends in the range of 50% to 60% of the net profit achieved during each financial year based on the Board of Directors' recommendations.

b) Dividends proposed for distribution for 2021 and their payment process:

In light of the above Dividends Distribution Policy, the Savola Group Board in its meeting on 31 January 2022, and in light of the achieved net profit amounting to SAR 222 million for the year 2021, recommended the distribution of SAR 106.80 million (i.e. SAR 0.20 per share) as cash dividends for the year 2021, which represents 2% of the company's nominal share value. The maturity date for these cash dividends will be for all shareholders who are registered in Tadawul at the end of the second trading day following the day of the Annual General Assembly Meeting (AGM) which will be fixed after securing the formal approval from the relevant official authorities, and accordingly, the said AGM will ratify the above Board's recommendation. The dividends will be paid after the approval of the AGM and will be deposited in the shareholders' accounts as will be detailed in the announcement, which will be published on Tadawul at a later date.

The following statement shows the proposed dividends to be distributed for 2021:

	Percentage of interim dividends distributed during the year	Proposed dividend ratios at the end of the year	Total recommended dividends (SAR)
Percentage	No interim dividends were distributed during the year 2021	(SAR 0.20 per share) which represents 2% of the nominal value of the share	SAR 106.80 million
Total			SAR 106.80 million

Shareholder information and share price data:

As of 31 December 2021, Savola had 107,888 shareholders compared to 95,360 shareholders by the end of last year as per Tadawul records, the following tables provide an overview of Savola's ownership structure including criteria and types:

a) Savola investors according to nature of investor:

Investor nature	Percentage of ownership	Number of investors	Number of shares
Corporate investors	65.14%	420	303,666,329
Individual investors (including share certificates holders)	34.86%	107,468	230,314,355
Total	100%	107,888	533,980,684

b) Savola investors according to their nationality:

Investor nationality	Percentage of ownership	Number of investors	Number of shares
Saudi investors	90,08%	106,148	481,010,798
GCC investors	0,91%	75	4,881,624
Foreign investors	9,01%	1,665	48,088,262
Total	100%	107,888	533,980,684

c) Savola investors according to their nature:

Investor nature	Percentage of ownership	Number of investors
GOSI and other governmental or semi-governmental investors	19,38%	9
Assila Investments Co.	11,24%	1
Abdulkadir Al Muhaidib & Sons Co.	8,23%	1
Mr. Abdullah M.A. Al Rabiah	8,22%	1
Al Muhaidib Holding Co.	6,36%	1
Saudi funds	5,30%	22
GCC funds	0,18%	5
Swap agreements	0,01%	9
Other individual investors (including share certificates holders)	32,46%	107,484
Other corporate investors	8,62%	355
Total	100%	107,888

d) Savola investors according to their percentage of ownership:

Ownership size	Percentage of ownership	Number of investors
More than 1 million shares	71,11%	43
From 500,000 to less than 1 million shares	4,70%	35
From 100,000 to less than 500,000 shares	8,35%	211
From 50,000 to less than 100,000 shares	2,88%	223
From 10,000 to less than 50,000 shares	5,35%	1,429
From 5,000 to less than 10,000 shares	1,77%	1,405
From 1,000 to less than 5,000 shares	3,07%	8,124
Less than 1,000 shares	2,77%	96,418
Total	100%	107,888

DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT AND MAJOR RELEVANT DISCLOSURES

e) Savola investors according to their ownership type:

Ownership type	Percentage of ownership	Number of investors	Number of shares
Investment portfolios	99,05%	65,045	528,892,725
Shares certificates	0,95%	42,843	5,087,959
Total	100%	107,888	533,980,684

f) Share price data (SAR)

Share price 1 January 2021	Share price 31 December 2021	Share price 3 years ago	52-week high	52-week low	Change from 2020-2021
41.20	31.95	33.95	44.20	31.20	-22.45%

Shares performance summary at the end of each month (high, low, and closing) during the fiscal year 2021 (all information was obtained from the company's page in the Saudi Stock Exchange – Tadawul's website):

Month	High	Low	Close
January	39.45	38.40	39.15
February	37.80	37.00	37.30
March	39.90	39.00	39.30
April	40.65	39.70	39.95
May	40.95	40.55	40.80
June	43.60	43.05	43.15
July	42.90	42.40	42.90
August	40.15	39.70	40.15
September	38.15	37.50	37.50
October	36.85	36.55	36.75
November	31.80	31.20	31.20
December	31.95	31.35	31.95

g-7) Major shareholders list:

Below are shareholders owning 5% or more of the total shares of the Group, and movements during 2021 (in SAR):

Description of any interest in a class of voting shares held by persons (other than the company's Directors, Senior Executives and their relatives) who have notified the company of their holdings, together with any change to such interests during the last fiscal year								
No.	Name	Nationality	Shares at the beginning of 2021	Ownership at the beginning of 2021	Shares at the end of 2021	Percentage at the end of 2021	Shares change	Percentage change
1.	Assila Investments Co.	Saudi company	60,000,000	11.24%	60,000,000	11.24%	0	0%
2.	General Organization for Social Insurance (GOSI)*	Saudi Government institution	35,626,085	6.67%	58,685,990	10.99%	23,059,905	4.32%
3.	Abdulkadir Al Muhaidib & Sons Co.	Saudi company	43,966,110	8.23%	43,966,110	8.23%	0	0%
4.	Mr. Abdullah M.A. Al Rabiah	Saudi national	43,892,500	8.22%	43,892,500	8.22%	0	0%
5.	Al Muhaidib Holding Co.	Saudi company	33,980,684	6.36%	33,980,684	6.36%	0	0%

Declaration: Regarding the declaration of movements in major shareholders' ownership in accordance with listing rules, the Group confirms that it has not received any written notification during 2021 from any of its major shareholders indicating any changes or movement in their ownership percentages. The disclosed information is based on the Saudi Stock Exchange (Tadawul) records on 31 December 2021.

* With regards to the General Organization for Social Insurance (GOSI), we would like to indicate that this ownership was as of 31 December 2021.

g-8) Details of retained Treasury Shares and their purposes for 2021:

Date of retention	Number of retained Treasury Shares	Value of the retained Treasury Shares	Purpose of keeping the shares as Treasury Shares
13 September 2020	341,675	SAR16,508,713	To retain the shares as Treasury Shares under the Employees LTIP which aims to attract and retain outstanding talent and to motivate them to further strengthen their performance to achieve Savola Group objectives. The shares will be transferred to the eligible employees as per the program conditions and policy approved by the Board after the vesting period elapses (i.e. after 3 years from the allocation date) according to each tranche starting date.
12 September 2021	349,076	SAR 13,924,773	
Total of Retained Treasury Shares as of 31 December 2021			690,751 shares

g-9) Numbers of company's requests of shareholders records, dates and reasons thereof for 2021:

No.	Date of request 2021	Reason
1.	28 April	To determine the eligibility for attending the Extraordinary General Assembly Meeting
2.	5 May	To determine the eligibility for dividends and its distribution
3.	31 March, 30 June, 30 September, 30 December	To review the changes in share ownership for investor relations purposes and to update the transparency screen which is being published on the company's website (4 reports)
Total		6 Reports

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Corporate action

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

Dividends

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

Total of dividends distributed/ declared for the year

(SAR'000s)



h) Transactions with related parties that took place during 2021, these transactions will be renewed for the upcoming year in the upcoming AGM meeting as per laws and regulation in this regard:

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

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

No.	The nature of the transaction or contract	The value amount of the transaction or contract for 2021	The conditions of the transaction or contract	The duration of the transaction or contract	Name of the Board member/Senior Executive or any person related to any one of them
a. Savola and Al Muhaidib:					
Business or contract in which Abdulkadir Al Muhaidib & Sons Co. and its subsidiaries or any person related to any of them has a direct or indirect interest. The total amount of the transactions is SAR 589.22 million.					
1.	Purchasing food products by Panda Retail Co. (a subsidiary of Savola) from Mayar Foods Co.	SAR 114.04 million	In the ordinary course of business and general commercial terms worked without any preferential treatment (including product quality, payment method, pricing, delivery, delay penalties, etc.)	Annually	Mr. Sulaiman Abdulkadir Al Muhaidib who is the chairman of Abdulkadir Al Muhaidib & Sons Co. Group as well as the Chairman of Savola, in addition to, Mr. Essam Abdulkadir Al Muhaidib who is the Managing Director of Abdulkadir Al Muhaidib & Sons Co. as well as a Board member of Savola. Business and Commercial contracts between Abdulkadir Al Muhaidib & Sons Co. and its subsidiaries are executed with some of Savola subsidiaries in the Food and Retail Sectors. Also, Abdulkadir Al Muhaidib & Sons Co. owns 8.23% of Savola shares.
2.	Purchasing food products by Panda Retail Co. (a subsidiary of Savola) from Del Monte Saudi Arabia	SAR 95.55 million			
3.	Purchasing food products by Panda Retail Co. (a subsidiary of Savola) from Nestle Group and its subsidiaries.	SAR 343.70 million			
4.	Purchasing food products by Panda Retail Co. (a subsidiary of Savola) from Manhal Water Factory Co. Ltd.	SAR 6.86 million			
5.	Leasing spaces by Panda Retail Co. (a subsidiary of Savola) from Abdulkadir Al Muhaidib & Sons Co.	SAR 266 thousand	In the ordinary course of business and general commercial terms worked without any preferential treatment (including renewal, payment methods, maintenance, insurance, etc.)		
6.	Leasing spaces to sell its products along with trading foods products inside Panda Shopping Centers by Panda Retail Co. (a subsidiary of Savola) to Almehbaj Alshamiyah Trading Co.	SAR 21.90 million			
7.	Leasing spaces to sell its products inside Panda Shopping Centers by Panda Retail Co. (a subsidiary of Savola) to Del Monte Saudi Arabia	SAR 683 thousand			
8.	Scrap sales by Panda Retail Co. (a subsidiary of Savola) to Waste Collection & Recycling Company	SAR 5.68 million			
9.	Leasing spaces to sell its products inside Panda Shopping Centers by Panda Retail Co. (a subsidiary of Savola) to Zohoor Alreef Co.	SAR 184 thousand			
10.	Purchasing food products by Panda Retail Co. (a subsidiary of Savola) from Al Jazirah Dates & Food Factory	SAR 1 thousand			
11.	Sales by Panda Retail Co. (a subsidiary of Savola) to Abdulkader Al Muhaidib Charitable Foundation	SAR 351 thousand			
Total		SAR 589.22 million			

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

No.	The nature of the transaction or contract	The value amount of the transaction or contract for 2021	The conditions of the transaction or contract	The duration of the transaction or contract	Name of the Board member/Senior Executive or any person related to any one of them
b. Savola and Almarai Co:					
Business or contract in which Almarai Co. and its subsidiaries, or any person related to any of them, has a direct or indirect interest. The total amount of the transactions is SAR 839.01 million.					
1.	Purchasing consumer foods goods by Panda Retail Co. (a subsidiary of Savola) from Almarai Co. and its subsidiaries	SAR 731.42 million	In the ordinary course of business and general commercial terms worked without any preferential treatment (including product quality, payment method, pricing, delivery, delay penalties, etc.)	Annually	Almarai, a listed company in which Savola Group owns 34.52%. 3 of Savola Directors are members of Almarai's Board (Mr. Sulaiman Abdulkadir Al Muhaidib, Mr. Bader Abdullah Al Issa) as well as Mr. Waleed Fatani, Group CEO.
2.	Selling sugar by United Sugar Company (a subsidiary of Savola Foods Co.) to Almarai Co. and its subsidiaries	SAR 56.74 million			
3.	Selling specialty fats products by International Foods Industries Co. (a subsidiary of Savola Foods Co.) to Almarai Co. and its subsidiaries	SAR 50.85 million			
Total		SAR 839.01 million			

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

No.	The nature of the transaction or contract	The value amount of the transaction or contract for 2021	The conditions of the transaction or contract	The duration of the transaction or contract	Name of the Board member/Senior Executive or any person related to any one of them
c. Savola and Herfy Co:					
Business or contract in which Herfy Food Services Co. and its subsidiaries or any person related to any of them has direct or indirect interest. The total amount of the transactions is SAR 45.77 million.					
1.	Leasing shops and retail purchases of food products by Panda Retail Co. (a subsidiary of Savola) to/from Herfy Food Services Co.	SAR 33.73 million	In the ordinary course of business and general commercial terms worked without any preferential treatment (including renewal, payment methods, maintenance, insurance, etc.)	Annually	Herfy Food Services Co., a listed company, in which Savola Group owns 49% (directly and indirectly); Savola has representatives on Herfy's Board: Eng. Mutaz Qusai Alazawi, who is the Chairman of Herfy Board, and Board members of Savola Group, and Mr. Waleed Fatani Group CEO.
2.	Selling edible oil products by Afia International (a subsidiary of Savola Foods Co.) to Herfy Food Services Co.	SAR 4.82 million	In the ordinary course of business and general commercial terms worked without any preferential treatment (including product quality, payment method, pricing, delivery, delay penalties, etc.)		
3.	Selling sugar by United Sugar Co. (a subsidiary of Savola Food Co.) to Herfy Food Services Co.	SAR 2.85 million			
4.	The sale of specialty fats products by the International Foods Industries Co. (a subsidiary of Savola Foods Co.) to Herfy Food Services Co.	SAR 4.37 million			
Total		SAR 45.77 million			

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

No.	The nature of the transaction or contract	The value amount of the transaction or contract for 2021	The conditions of the transaction or contract	The duration of the transaction or contract	Name of the Board member/Senior Executive or any person related to any one of them
1.	Leasing of shops by Panda Retail Co. (a subsidiary of Savola) from Kinan International for Real Estate Development Co.	SAR 28.79 million	In the ordinary course of business and general commercial terms worked without any preferential treatment (including renewal, payment methods, maintenance, insurance, etc.)	Annually	Kinan International for Real Estate Development Co., of which Savola owns 29.99%, and Savola has 2 members on Kinan's Board: Mr. Mohammed Ibrahim Al Issa a Savola Board member, and Mr. Waleed Fatani, Group CEO.
2.	Leasing of shop by Panda Retail Co. (a subsidiary of Savola) from Dur Hospitality Co.	SAR 10.50 million			Dur Hospitality Co., where Mr. Badr Abdullah Al Issa is a Board member, and he is also a Board member of Panda Retail Co. (a subsidiary of Savola)

i) A description of any transaction between the company and any related party:

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

No.	Related party	Relationship	Transaction	Duration	Value/Amount
1.	Certain shareholders of USC	Shareholders of a subsidiary	Trade	During 2021	SAR 182.78 million
2.	Certain shareholders of AIC	Shareholders of a subsidiary	Trade	During 2021	SAR 90.62 million
3.	Arabian Centers Company – Al Hokair	Shareholder of a subsidiary	Non-trade	During 2021	SAR 34.95 million
4.	Khairat Al Sharq for General Trade and Manufacturing Foodstuff Company	Associate	Non-trade	During 2021	SAR 1.53 million
5.	United Sugar Co. Egypt – SFC	Associate	Trade	During 2021	SAR 4.61 million
			Non-trade	During 2021	SAR 154.58 million

DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT AND MAJOR RELEVANT DISCLOSURES

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

j-1) Board Declaration according to CMA CG Regulations for 2021:

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

No.	Declaration/Confirmation
1.	The External Auditors' report for the year 2021 does not contain any reservations on the relevant annual financial statements. The Board is committed to provide the CMA with any additional information as may be required in the event of auditors expressing any reservations on the annual financial statements.
2.	The company's books and records comply with the accounting standards issued by SOCPA.
3.	There was no recommendation by the Board of Directors to replace the External Auditors (KPMG), appointed for the fiscal year of 2021 to audit the Group's financials and they were not replaced during the year.
4.	The External Auditors did not provide consultancy services to the Group during 2021 and did not receive any fees in this regard.
5.	The Board of Directors did not receive any request from the External Auditor to convene a General Assembly.
6.	The company has not granted any cash loans whatsoever to any of its Board members or rendered guarantees with respect to any loan entered into by a Board member with third parties.
7.	There were no penalties or precautionary attachments imposed on the company by the Capital Market Authority, or by any other supervisory, regulatory or judicial body.
8.	The company has avoided taking any action that might hamper the use of shareholders' voting rights.
9.	The company did not receive any request to convene a General Assembly or a request to add one or more items to the agenda upon its preparation from a number of shareholders whose shareholdings represent at least 5% of the equity share capital.
10.	The Chairman of the Board did not receive a written request to call for an unscheduled meeting from any 2 or more of the Board members during 2021.
11.	The Board of Directors did not waive any of the company's debts during the year 2021.
12.	There is no interest, contractual documents and subscription rights that belong to the members of the Board of Directors and their relatives in the shares or debt instruments of the subsidiaries except as mentioned in this Report in (f-3) regarding the ownership of some of them in Herfy Food Services Co.
13.	There is no interest, contractual documents and subscription rights of Senior Executives and their relatives in the shares or debt instruments of subsidiaries. Note: The company has disclosed the conflict of interest for Board Members and Senior Executives and their relatives.
14.	There are no debt instruments issued to Savola Group and its subsidiaries except as detailed in this Report in the loans section.
15.	There is no class and number of any convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted by the company during the fiscal year.
16.	There are no conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the company.
17.	There is no redemption, purchase or cancellation by the company of any redeemable debt instruments and the value of such securities outstanding, whether listed securities purchased by the company and those purchased by its affiliates.
18.	There are no interests in any class of voting shares for anyone (except to the Board members and Senior Executives and their relatives) who have notified the company with these interests, and any changes in these rights during the last fiscal year.
19.	A description of waiving any salary or compensation by an arrangement or agreement with: a) Director: (applicable): Mr. Sulaiman Abdulkadir Al Muhaidib (the Chairman of the Board of Directors), has donated his annual Board remuneration, attendance allowance, expenses allowance for the fiscal year 2021 of SAR 258,200 to support the Group's Employee Takaful Fund. b) Senior Executive of the Group: (not applicable).

No.	Declaration/Confirmation
20.	There is no arrangement or agreement under which a shareholder of the issuer has waived any rights to dividends.
21.	The Board confirms that: A) The company's accounting records were properly prepared. B) Savola Group's internal control systems and procedures were properly developed and effectively executed. C) There are no doubts about the Group's ability to continue its business activities.
22.	There was no recommendation by the Audit Committee that conflicted with the Board of Directors' decisions. The Board did not reject any recommendations regarding the appointment of the company's External Auditor, its dismissal, the determination of its fees, the performance evaluation or the appointment of the Internal Auditor during the year.
23.	The company issued during July 2019, Sukuk pursuant to a new Program in an aggregate amount of SAR 1 billion, some were issued for monetary consideration, and some exchanged with the previous Sukuk issued in 2013; while the remainder issued under the previous Program were redeemed on its original maturity date (due in January 2020).

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

- The Group has a Corporate Governance (CG) Manual which was developed and approved for the first time in 2004 and has been updated in line with the CG regulations issued by the CMA and international best practice in CG and transparency. The company has reviewed and updated its CG framework and policies during 2017-2019 following the issuance of the Corporate Governance Regulations in February 2017 and the amendment issued in 2018, and all updates were approved by the competent administrative bodies, whether the Board of Directors or the General Assembly (where applicable).
- The CG Committee role was added to the RNC's responsibilities and duties, and the committee charter was amended accordingly and was approved by the General Assembly. The Board of Directors and the Executive Management also monitor the Corporate Governance requirements. In addition, the Compliance Officer has a support team at Group-level to monitor CG code implementation and compliance, ensure proper implementation of the Board's resolutions regarding CG and submit regular reports to the Board. The Group Board and CEO supervise the overall implementation and development of the governance code in general.
- The Group appoints from time-to-time CG expert firms in order to enhance its CG practices to meet regional and international best practices in this field.
- The Group shares its CG experience with local, regional and international rating agencies and institutions with the objective to identify its strengths and weaknesses and accordingly develop a plan for improvement.
- The Group has disclosed its CG framework and all policies in this respect on its website (www.savola.com).
- **Excellency award in the GC Index:**
As a result of Savola Group's distinguished efforts, it was ranked, for the 3rd year in a row, among the top 10 listed companies in the KSA in the Corporate Governance index by the CG center at Al Faisal University. Savola was honored during the 3rd international CG conference by receiving the excellence award.

DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT AND MAJOR RELEVANT DISCLOSURES

j-3) What provisions have/have not been implemented of the Corporate Governance Regulations, with justifications:

The company applies all the provisions of the Corporate Governance Regulations issued by the CMA, except for the following optional items:

No.	Article/ Clause No.	The Article/Clause	Reasons for not adopting optional items:
1.	Article 70 (optional)	Composition of the Risk Management Committee: "The Company's Board shall, by resolution therefrom, form a committee to be named the (Risk Management Committee). The Chairman and majority of its members shall be Non-Executive Directors. The members of that Committee shall possess an adequate level of knowledge in risk management and finance."	Risk Management Committee, from Executives, was formed at Group level, and its charter was developed and approved, The Committee also assumed its duties in supervising the risk management team. Moreover, there is a risk management department established under the leadership of a specialized Risk Management Officer and the Risk Management policy was approved by the Board. The Risk Management Officer is currently working with the departments, on Group and subsidiaries level, to enhance the role of the current risk department further and carry out the Risk Management role, activities, and procedures. In addition, the company is using an external entity specialized in the Risk area. The company is also working on implementing a Governance, Risk and Compliance system across Savola Group to effectively enhance the participation of the Board and the Executive Management team in the risk management process to ensure a unified vision of the risks faced by the Group and its subsidiaries. The RMC will be formed by the Board after completion of the infrastructure of risk management department and whenever it deems necessary.
2.	Article 71 (optional)	Competencies of the Risk Management Committee	The RMC has not been formed due to the abovementioned reasons in No. (1).
3.	Article 72 (optional)	Meetings of the Risk Management Committee: "The Risk Management Committee shall convene periodically at least once every 6 months and as may be necessary."	The RMC has not been formed due to the abovementioned reasons in No. (1).
4.	Article 95 (optional)	Formation of a Corporate Governance Committee: "If the Board forms a Corporate Governance Committee, it shall assign to it the competences stipulated in Article (94) of these Regulations. Such Committee shall oversee any matters relating to the implementation of governance and shall provide the Board with its reports and recommendations at least annually."	There is no standalone committee for Corporate Governance, however, to ensure and monitor the implementation of CG requirements, the CG role was added to the RNC responsibilities and duties, and the committee charter was amended and approved by the AGM. The CG requirements are overseen and monitored by the Board of Directors and the top Executive Management, in addition, there is a CG and Compliance Department with qualified team members at the Group-level to monitor CG code implementation and compliance, ensure proper implementation of the Board's resolutions issued regarding CG and submit regular reports to the Board. In addition, the Board and CEO supervise the overall implementation and development of the governance code.

AUDIT COMMITTEE REPORT

Savola Group Audit Committee Report for the year ended 31 December 2021

Introduction

The Audit Committee of Savola Group was formed, and its charter was adopted, by a resolution issued from the General Assembly Meeting of shareholders according to the requirements of Articles (101) and (104) of the Companies Law. In line with article (104) of the Companies Law which states that, "The audit committee shall review the company's financial statements and the auditor's reports and notes and give its comments thereon, if any. Further, the audit committee must prepare a report including its opinion regarding appropriateness of the company's internal control system as well as the tasks it has carried out to the extent of its powers. The board of directors shall file sufficient copies of such reports at the company's head office at least twenty-one days before the scheduled meeting of the general assembly with a view to deliver a copy of such report to those shareholders who desire to obtain the same. The report shall be recited at the meeting of the assembly".

We are pleased to share with you the Savola Group Audit Committee Report for the year 2021, prepared in line with the requirements of the Companies Law, the Regulations and Rules of the Capital Market Authority and the Committee's charter, and will be glad to answer any questions in this regard after reciting the summary of the report during the General Assembly Meeting.

1- Appointment

Savola Group Audit Committee was appointed at the Extraordinary General Assembly Meeting No. (31), held on Wednesday, 8 May 2019 corresponding to Ramadan 3, 1440H, in line with the Companies Law Article No (101), which approved the formation of the Audit Committee and the charter describing its functions, responsibilities and guidelines, as well as the remuneration of selected members for the new office term, for 3 years and 3 months, beginning from 1 July 2019 to 30 September 2022. The Audit Committee includes in its membership Mr. Fahad Abdullah Al Kassim (Independent Board member), Dr. Abdul Raouf Banaja (Independent External member), Mr. Tareq Abdullah Al-Garaawy (Independent External member) (appointed 6 October 2020), Mr. Mohammed Ibrahim Al Issa (Non-Executive Board member) and Mr. Bader Hamad Al Rabiah (Independent Board member).

2- Meetings

In line with its charter, the Audit Committee will convene periodically based on the Chairman's invitation, at least 4 times per year, and as may be necessary, and a majority attendance of members constitutes a quorum whether in person or by proxy. The Committee held 6 meetings during 2021 and the quorum for each meeting was reached.

3- Savola Group Operating Model

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

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

DIRECTORS' REPORT

AUDIT COMMITTEE REPORT

Savola Group Audit Committee Report for the year ended 31 December 2021

4- Audit Committee Members' Qualifications:

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

No	Member name	Current positions	Previous positions	Qualifications	Experience
Audit Committee members:					
1.	Mr. Fahad Abdullah Al Kassim				
2.	Mr. Mohammed Ibrahim Al Issa				
3.	Mr. Bader Hamad Al Rabia				
4.	Dr. Abdul Rauf Suliman Banaja	Holds a number of memberships on boards and committees such as Audit Committee member for Riyad Bank, Herfy and other joint stock companies.	- Advisor to the Deputy Governor, the Saudi Arabian Monetary Agency (SAMA) (currently, Saudi Central Bank) - Economic Advisor, Ministry of Finance - Associate Professor at University of Riyadh.	PhD in Economics, University of California, Santa Barbara, United States, 1981	Assumed several positions in a number of local and regional banks.
5.	Mr. Tareq Abdullah Al-Garaawy	Currently a member of the Audit Committee in Savola Foods Co. and several joint stock companies.	Worked in several companies like Idfa Management & Financial Consultants, and Tatweer Buildings Company (TBC).	- Bachelor's degree in Accountancy from King Saud University, 1996. - Master's degree in Accountancy from George Washington University, 2002. - A Certified Management Accountant, and a member of the Institute of Management Accountants (USA) as well as a member of Institute of Internal Auditors.	More than 23 years' practical experience in financial, accountancy, compliance and consultancy gained from working with several banks such as, Saudi Investment Bank, Saudi Arabia British Bank and Bank Al Bilad.

5- Audit Committee attendance:

The members of the Audit Committee attendance for the meetings of the Audit Committee held during the year 2021 are listed below.

Sr.	Name	27 Jan	15 Mar	28 Apr	23 Jun	3 Aug	26 Oct	Total
1.	Mr. Fahad Abdullah Al Kassim (Chairman) (Independent Board member)	√	√	√	√	√	√	6 of 6
2.	Mr. Mohammed Ibrahim Al Issa (Non-Executive Board member)	√	√	√	√	√	√	6 of 6
3.	Mr. Bader Hamad Al Rabia (Independent Board member)	√	√	√	√	√	√	6 of 6
4.	Dr. Abdul Raouf Suliman Banaja (Independent External member)	√	√	√	√	√	√	6 of 6
5.	Mr. Tareq Abdullah Al-Garaawy (Independent External member)	√	√	√	√	√	√	6 of 6
-	Mr. Aly Asim Barakat (Committee Secretary)	√	√	√	√	√	√	6 of 6

6- Audit Committee remuneration for 2021 (SAR):

Sr.	Name	Title	Fixed remuneration (except for the allowance for attending meetings)	Allowance for attending meetings	Total	Other expenses
1.	Mr. Fahad Abdullah Al Kassim (Independent Board member)	Chairman	150,000	30,000	180,000	Mentioned in the Board remuneration
2.	Mr. Mohammed Ibrahim Al Issa (Non-Executive Board member)	Member	150,000	30,000	180,000	
3.	Mr. Bader Hamad Al Rabia (Independent Board member)	Member	150,000	30,000	180,000	
4.	Dr. Abdul Raouf Suliman Banaja (Independent External member)	Member	150,000	30,000	180,000	-
5.	Mr. Tareq Abdullah Al-Garaawy (Independent External member)	Member	150,000	30,000	180,000	-
Total			750,000	150,000	900,000	

DIRECTORS' REPORT

AUDIT COMMITTEE REPORT

Savola Group Audit Committee Report for the year ended 31 December 2021

7- Summary of Audit Committee duties, responsibilities and achievements executed in 2021

a- Financial reporting

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

b- Internal audit

- Review and approve the Group's internal audit department charter, plan and outputs and ensure whether the function has the necessary authority and resources to carry out its work while maintaining its independence.
- Review and assess Savola Group internal audit reports and monitor the tracking and follow-up of the implementation process determining whether or not appropriate actions are taken in respect of the internal audit recommendations therein.

c- External audit

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

d- Related party transactions

- Review the results of the External Auditors limited review of Savola's related party transactions for 2021 including the Related Party Transactions report prepared by the Chairman of the Board of Directors in relation to the related party transactions executed by the company during the year and provide any recommendation to the Board based on the results, if any.
- Ensure that related party transactions are properly disclosed in the Board of Directors report and audited financial statements.

e- Savola Integrity Hotline

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

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

The Executive Management of the Group and its subsidiaries certifies on an annual basis their responsibility for establishing and maintaining internal control procedures designed to provide reasonable assurance regarding the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws and regulations. The reasonable assurance provided by the signed internal control certifications is supported by the results of a questionnaire completed by all heads of functions across the Group and subsidiaries designed in line with the Internal Control-Integrated Framework published by the Committee of Sponsoring Organization (COSO) of the Treadway Commission. The signed internal control certificates for 2021 were handed over and filed with the Group's legal counsel.

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

The Group's External Auditors conducted their audit in accordance with international auditing standards adopted in Saudi Arabia which require that they plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. This resulted in providing an unqualified opinion on the Group's consolidated financial statements for the year ended 31 December 2021.

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

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

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

Conclusion:


This report was prepared by the Audit Committee for the year 2021 in line with the regulatory requirements and the charter of the Committee and will be submitted to the General Assembly when the Board of Directors issue its invitation. The meeting will be held during the first half of 2022 (according to the dates approved by the regulatory authorities). The Committee is glad to answer all inquiries and questions of the shareholders - as stated in this report - during the General Assembly meeting of shareholders, and ALLAH is the guardian of success.



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We progressed our strategic priorities while effectively managing market challenges and rising costs to deliver strong topline growth and maintain profitability in 2021.

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INDEPENDENT AUDITOR'S REPORT



To the Shareholders of Savola Group Company

Opinion

We have audited the consolidated financial statements of Savola Group Company ("the Company") and its subsidiaries ("the Group") which comprise the consolidated statement of financial position as at December 31, 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

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

Key Audit Matters

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

Impairment testing of non-financial assets

Refer Note 3(b)(ii) for the accounting policy relating to goodwill, Note 3(f) for accounting policy relating to property, plant and equipment Note 3(g) for the accounting policy relating to intangible assets, Note 3(j) for the accounting policy relating to impairment, Note 3(q) for accounting policies relating to right-of-use assets, Note 4 for the property, plant and equipment disclosure, Note 5 for the right-of-use assets, Note 6 for the intangible assets and goodwill disclosure and Note 36 for the impairment loss disclosure.

Key audit matter	How the matter was addressed in our audit
<p>As at December 31, 2021, the carrying value of intangible assets and goodwill amounted to SR 1,858 million (2020: SR 912 million), the carrying value of property, plant and equipment and right-of-use (RoU) assets amounted to SR 5,872 million (2020: SR 6,228 million) and SR 3,313 million (2020: 3,912 million) respectively. Impairment loss (net) recognised on the non-financial assets during the year ended December 31, 2021 amounted to SR 363 million (2020: SR 50 million).</p> <p>Intangible assets with indefinite useful life and Goodwill are subject to a mandatory annual impairment test and the intangible assets with definite useful life, property, plant and equipment and RoU assets are subject to impairment testing where there are internal or external indicators of impairment. The Group reviews the carrying amounts of these non-financial assets to determine whether their carrying values exceed the recoverable amounts, which is the higher of value in use or the fair value less costs to sell. For the purpose of the Group's impairment assessment, management has used the value in use model, to determine the recoverable amount, under which the future cash flows relating to each Cash Generating Unit (CGU) were discounted and compared to their respective carrying amounts. A value in use model requires input of several key assumptions, including estimates of future sales volumes, prices, operating costs, terminal value, growth rates and discount rates.</p>	<p>We performed the following audit procedures in relation to non-financial assets impairment:</p> <ul style="list-style-type: none"> - Assessed the appropriateness of the Group's accounting policies for measurement of non-financial assets in line with the requirements of International Financial Reporting Standards (IFRS); - Assessed the design and implementation, and tested the operating effectiveness of the Group's controls around impairment assessment; - Checked the accuracy and completeness of the information produced by management, which was used as the basis of the impairment assessment; - Checked mathematical accuracy of the models used by the management; - Engaged our internal valuations specialist to assess the key assumptions used in the value in use calculation. Further, we assessed the reasonableness of key management assumptions in respect of estimated future cash flows, growth and discount rates; - Compared forecasts to historical experience and applied our understanding of the future prospects of the business from internal and external sources;



Key audit matter	How the matter was addressed in our audit
<p>There is uncertainty in estimating the recoverable amount of non-financial assets which principally arises from the inputs used in both forecasting and discounting future cash flows. A combination of the significance of the asset balances and the inherent uncertainty in the assumptions supporting the valuations of non-financial assets, means that an assessment of their carrying value is one of the key judgmental areas.</p> <p>We considered valuation of non-financial assets including items of PPE, intangible assets and goodwill, as a key audit matter due to the significant judgment and key assumptions involved in the impairment assessment process.</p>	<ul style="list-style-type: none"> - Performed a sensitivity analysis, which included assessing the effect of reasonably possible reductions in growth rates and forecast cash flows to evaluate the impact on the currently estimated headroom for the respective CGUs; and - Considered the adequacy of the Group's related disclosures in terms of applicable accounting standards.

Valuation of equity-accounted investees

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

Key audit matter	How the matter was addressed in our audit
<p>As at December 31, 2021, the carrying value of equity-accounted investees amounted to SR 8,986 million (2020: SR 9,054 million).</p> <p>Equity accounted investments are accounted for using the equity method in accordance with IAS 28 – Investments in Associates and Joint Ventures. This has been identified as a key audit matter due to the significance of the amounts involved, the complexities attached to the determination of carrying values at reporting dates, trade and capital transactions with investees and judgment involved in the determination of possible impairment loss.</p>	<p>We performed the following audit procedures in relation to valuation of equity-accounted investees:</p> <ul style="list-style-type: none"> - Assessed the appropriateness of the Group's accounting policies for measurement of equity accounted investments in line with the requirements of International Financial Reporting Standards (IFRS); - Assessed the design and implementation, and tested the operating effectiveness of the Group's controls around recognition and subsequent measurement of Equity accounted investees including the impairment assessment process; - Verified components of equity accounted investments from underlying details and supporting documentation; - Evaluated the process by which the Group's cash flow forecasts for the equity-accounted investees (where there are indicators of impairment) were developed; - Engaged our internal valuations specialist to assess the key assumptions used in the recoverable amount calculation. Further, we assessed the reasonableness of key management assumptions in respect of estimated future cash flows, growth and discount rates and performed a sensitivity analysis on these key assumptions; - Checked the mathematical accuracy of the impairment models; - Tested the accuracy and completeness of the information produced by management, which was used for the basis of the impairment assessment; and - Considered the adequacy of the Group's equity-accounted investees' disclosures in terms of applicable accounting standards.

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INDEPENDENT AUDITOR'S REPORT



To the Shareholders of Savola Group Company

Valuation of Inventories

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

Key audit matter	How the matter was addressed in our audit
<p>As at December 31, 2021, the Group's net inventories balance was SR 3,602 million (2020: SR 3,067 million) net of allowance for slow moving inventories of SR 174 million (2020: SR 102 million).</p> <p>Inventories are stated at the lower of cost and net realizable value and an allowance is made by the Group, where necessary, for obsolete and slow moving inventories. Management determines the level of obsolescence of inventories by considering their nature, ageing profile, expiry dates and sales expectations using historic trends and other qualitative factors. At each reporting date, the cost of inventories is reduced where inventories are forecasted to be sold at below cost.</p> <p>The Group also deals in commodity hedging contracts for its raw sugar inventory. The management accounts for these contracts using the mark-to-market method and reviews the valuation and hedge effectiveness at each reporting period by obtaining broker statements and exchange-quoted price.</p> <p>We consider this as a key audit matter due to the significant judgments and key assumptions applied by the management in determining the allowance for slow moving inventories and the level of inventories write down required based on Net Realisable Value (NRV) assessment. Further, the commodity hedging involves the use of complex hedging mechanisms, across multiple hedging strategies, parity differences and price volatility.</p>	<p>We performed the following audit procedures in relation to valuation of inventories:</p> <ul style="list-style-type: none"> - Assessed the appropriateness of the Group's accounting policies for recognition and measurement of inventories in line with the requirements of relevant accounting standards; - Assessed the design and implementation, and tested the operating effectiveness of the Group's control around recognition and subsequent measurement of inventories including the monitoring of the allowance for slow moving items; - Evaluated the appropriateness of the Group's policy for allowance for slow moving inventories by performing retrospective testing, comparing historical estimates with actual losses; and current and future expectations with respect to sales; - Involving our internal IT specialist to test the integrity of the inventories' ageing report used by the management in its determination of the allowance for slow moving inventories; - Attended periodical physical count of inventories on selected locations to identify expired, lost or slow-moving items; - Tested the net realisable value of finished goods inventories by considering actual sales post year-end and the assumptions used by the management to check whether inventories are valued at the lower of cost and net realisable value; - Engaged our specialist to test management's control over the establishment of the hedging relationship, monitoring hedge effectiveness and appropriateness of methods for mark to market values of derivatives at the reporting date; - Considered the adequacy of the disclosure in the Group's consolidated financial statements as per the applicable accounting standard.



Revenue recognition

Refer Note 3(m) for the accounting policy relating to revenue recognition and Note 31 for the relevant disclosures.

Key audit matter	How the matter was addressed in our audit
<p>During the year ended December 31, 2021, the Group recognized total revenue of SR 24,669 million (2020: SR 21,702 million).</p> <p>Most of the Group's sales arrangements are considered straightforward, being on a point-in-time basis of recognition and requiring little judgment to be exercised. However, in certain cases the Group recognizes revenue through sales to related parties and certain components provide right of return to customers; which increase the level of judgment in revenue recognition at the year end.</p> <p>Revenue recognition is considered a key audit matter in view of the risk that management may override controls to intentionally misstate revenue transactions in order to achieve financials targets, either through adjusting estimates at the period end or recording fictitious transactions in the business.</p>	<p>We performed the following procedures in relation to revenue recognition:</p> <ul style="list-style-type: none"> - Assessed the appropriateness of the Group's revenue recognition accounting policies by considering the requirements of relevant accounting standards; - Assessed the design and implementation, and tested the operating effectiveness of the Group's controls, including anti-fraud controls, over the recognition of revenue; - Evaluated key contractual and returns arrangements by considering relevant documentation and agreements with the customers; - Inspected a sample of sales transactions taking place before and after the year-end to assess whether revenue was recognized in the correct accounting period; - Developed an expectation of the current year revenue based on trend analysis information, taking into account sales volume, average prices and our understanding of each market segment. We then compared this expectation to actual revenue and, where relevant, completed further inquiries and testing; - Tested topside journal entries posted to the revenue accounts in the general ledger in order to identify unusual or irregular items; - Obtained an understanding of the nature of revenue contracts used by the Group for each significant revenue stream, tested a sample of representative sales contracts to confirm our understanding and assess whether management's application of IFRS 15 requirements was in accordance with the accounting standard; and - Considered the adequacy of the disclosure in the Group's consolidated financial statements as per the applicable accounting standard.

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT



To the Shareholders of Savola Group Company

Other Information

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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



Jeddah, March 30, 2022
Corresponding to Shaban 27, 1443H

KPMG Professional Services

Nasser Ahmed Al Shutairy
License No. 454

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	Note	December 31, 2021	December 31, 2020
ASSETS			
Property, plant and equipment	4	5,872,464	6,227,862
Right-of-use assets	5	3,313,227	3,912,128
Intangible assets and goodwill	6	1,857,836	911,810
Investment property	8	68,140	68,794
Equity-accounted investees	9	8,986,236	9,054,136
Investments at fair value through other comprehensive income	10	475,425	387,196
Derivative	13	2,493	2,311
Deferred tax asset	23	28,803	29,800
Non-current assets		20,604,624	20,594,037
Inventories	11	3,601,683	3,067,033
Trade receivables	12	1,606,635	1,182,226
Prepayments and other receivables	13	1,331,118	1,118,918
Investments at fair value through profit or loss	10	27,069	2,792
Cash and bank balances	14	1,374,790	1,093,378
Current assets		7,941,295	6,464,347
TOTAL ASSETS		28,545,919	27,058,384
EQUITY			
Share capital	15	5,339,807	5,339,807
Shares held under employees' share based payment plan	18	(30,433)	(16,509)
Share premium		342,974	342,974
Statutory reserve	16	1,774,085	1,774,085
General reserve		4,000	4,000
Other reserves	17	(104,866)	(94,585)
Effect of transactions with non-controlling interests without change in control		(187,979)	(187,979)
Foreign currency translation reserve		(1,899,084)	(1,966,648)
Retained earnings		2,840,089	3,036,997
Equity attributable to owners of the Company		8,078,593	8,232,142
Non-controlling interests		1,013,220	932,412
TOTAL EQUITY		9,091,813	9,164,554
LIABILITIES			
Loans and borrowings	20	5,136,640	4,464,301
Lease liabilities	21	3,288,518	3,723,132
Employee benefits	22	857,358	803,870
Long-term payables		256,895	248,592
Derivative	13	164,220	190,562
Provision against asset restoration		148,006	146,466
Deferred tax liability	23	144,349	133,051
Non-current liabilities		9,995,986	9,709,974
Loans and borrowings	20	3,324,513	2,436,015
Lease liabilities	21	568,480	642,881
Trade payables	24	2,907,854	2,474,998
Accrued and other liabilities	25	2,657,273	2,629,962
Current liabilities		9,458,120	8,183,856
TOTAL LIABILITIES		19,454,106	17,893,830
TOTAL EQUITY AND LIABILITIES		28,545,919	27,058,384

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31 (Expressed in thousands of Saudi Riyal unless otherwise stated)

	Note	2021	2020
Revenues	31	24,669,163	21,701,941
Cost of revenues	32	(20,190,449)	(17,061,558)
Gross profit		4,478,714	4,640,383
Share of results of equity-accounted investees, net of zakat and tax	9	557,066	704,148
Selling and distribution expenses	33	(2,726,360)	(2,781,370)
Administrative expenses	34	(871,259)	(852,787)
Impairment loss, net	30 & 36	(421,866)	(49,550)
Results from operating activities		1,016,295	1,660,824
Finance income		93,981	79,423
Finance cost		(585,424)	(621,243)
Net finance cost	37	(491,443)	(541,820)
Reversal of accruals no longer required	26	–	21,003
Profit before zakat and income tax		524,852	1,140,007
Zakat and income tax expense	26	(128,738)	(118,711)
Profit for the year		396,114	1,021,296
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Re-measurements of defined benefit liability	22	(24,868)	(13,640)
Investments at fair value through other comprehensive income – net change in fair value	10	50,720	39,606
<i>Items that may be reclassified to profit or loss</i>			
Foreign operations – foreign currency translation differences		84,933	(206,378)
Equity accounted investees - share of other comprehensive income		(60,408)	39,430
Cash flow hedges – effective portion of changes in fair value		(7,481)	5,772
Other comprehensive income / (loss) for the year		42,896	(135,210)
Total comprehensive income for the year		439,010	886,086
Profit attributable to:			
Owners of the Company		221,879	910,802
Non-controlling interests		174,235	110,494
Profit for the year		396,114	1,021,296
Total comprehensive income attributable to:			
Owners of the Company		254,801	817,194
Non-controlling interests		184,209	68,892
Total comprehensive income for the year		439,010	886,086
Earnings per share attributable to the Owners of the Company (in Saudi Riyals):			
Basic and diluted	28	0.42	1.71

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31 (Expressed in thousands of Saudi Riyal unless otherwise stated)

	Equity attributable to the Owners of the Company											
	Share capital	Share premium	Shares held under employees' share based payment plan	Statutory reserve	General reserve	Other reserves	Effect of transactions with non-controlling interests without change in control	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at January 1, 2020	5,339,807	342,974	-	1,774,085	4,000	(179,230)	(187,979)	(1,792,396)	2,288,979	7,590,240	948,830	8,539,070
Total comprehensive income / (loss) for the year												
Profit for the year	-	-	-	-	-	-	-	-	910,802	910,802	110,494	1,021,296
Other comprehensive income / (loss)	-	-	-	-	-	83,234	-	(174,252)	(2,590)	(93,608)	(41,602)	(135,210)
Charge for equity-settled employees' share based payment plan (Note 18)	-	-	-	-	-	83,234	-	(174,252)	908,212	817,194	68,892	886,086
Purchase of shares held under employees' share based payment plan (Note 18)	-	-	(16,509)	-	-	-	-	-	-	1,411	-	1,411
Dividends (Note 15)	-	-	-	-	-	-	-	-	-	(16,509)	-	(16,509)
Balance at December 31, 2020	5,339,807	342,974	(16,509)	1,774,085	4,000	(94,585)	(187,979)	(1,966,648)	3,036,997	8,232,142	932,412	9,164,554
Balance at January 1, 2021	5,339,807	342,974	(16,509)	1,774,085	4,000	(94,585)	(187,979)	(1,966,648)	3,036,997	8,232,142	932,412	9,164,554
Total comprehensive income / (loss) for the year												
Profit for the year	-	-	-	-	-	-	-	-	221,879	221,879	174,235	396,114
Other comprehensive income / (loss)	-	-	-	-	-	(16,270)	-	67,564	(18,372)	32,922	9,974	42,896
Charge for equity-settled employees' share based payment plan (Note 18)	-	-	-	-	-	(16,270)	-	67,564	203,507	254,801	184,209	439,010
Purchase of equity-settled employees' share based payment plan (Note 18)	-	-	-	-	-	5,989	-	-	-	5,989	58	6,047
Purchase of shares held under employees' share based payment plan (Note 18)	-	-	(13,924)	-	-	-	-	-	-	(13,924)	-	(13,924)
Dividends (Note 15)	-	-	-	-	-	-	-	-	(400,486)	(400,486)	(103,459)	(503,945)
Dividend on Treasury Shares	-	-	-	-	-	-	-	-	71	71	-	71
Balance at December 31, 2021	5,339,807	342,974	(30,433)	1,774,085	4,000	(104,866)	(187,979)	(1,899,084)	2,840,089	8,078,593	1,013,220	9,091,813

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	Note	2021	2020
Cash flows from operating activities			
Profit for the year		396,114	1,021,296
Adjustments for:			
Depreciation and amortisation		1,065,945	1,121,571
Net finance cost	37	491,443	541,820
Share of results of equity accounted investees, net of zakat and tax	9	(557,066)	(704,148)
Share based payment expense	18	6,047	1,411
Reversal of accruals no longer required		–	(21,003)
Impairment loss, net	30 & 36	421,866	49,550
Loss / (gain) on sale of property, plant and equipment		21,060	(1,373)
Provision for employee benefits	22	115,566	127,281
Zakat and income tax expense	26	128,738	118,711
		2,089,713	2,255,116
Changes in:			
Inventories		(628,131)	(485,152)
Trade receivables		(519,334)	(82,521)
Prepayments and other receivables		(249,995)	(167,890)
Trade payables		427,970	285,525
Accrued and other liabilities		268,374	543,408
Cash generated from operating activities		1,388,597	2,348,486
Finance cost paid		(350,587)	(340,796)
Zakat and income tax paid	26	(78,657)	(113,047)
Employee benefits paid	22	(94,966)	(69,389)
Net cash from operating activities		864,387	1,825,254
Cash flows from investing activities			
Acquisition of property, plant and equipment	4	(360,906)	(394,600)
Acquisition of software	6	(117,786)	(68,868)
Acquisition of investment property	8	(4,201)	(331)
Proceeds from sale of property, plant and equipment		23,019	11,405
Capital distribution from equity accounted investee	9	147,704	14,097
Acquisition of investments	10	(37,509)	–
Acquisition of subsidiaries, net of cash acquired	7	(977,544)	–
Net change in FVTPL investments		(24,277)	23,724
Dividends received	9	351,549	306,098
Net cash used in investing activities		(999,951)	(108,475)

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

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	Note	2021	2020
Cash flows from financing activities			
Net change in loans and borrowings – current		748,159	(1,103,514)
Net change in loans and borrowings - non-current		695,375	555,410
Net changes in bank deposits with maturity more than three months		(115,164)	(213,776)
Payment of lease liabilities	21	(648,909)	(664,035)
Dividends paid		(402,315)	(160,025)
Dividend paid to non-controlling interests		(103,459)	(85,310)
Purchase of shares held under employees' share based payment plan	18	(13,924)	(16,509)
Net cash generated from / (used in) financing activities		159,763	(1,687,759)
Net change in cash and cash equivalents		24,199	29,020
Effect of movement in exchange rates on cash and cash equivalents		(1,863)	(30,159)
Cash and cash equivalents at beginning of the year		496,494	497,633
Cash and cash equivalents at December 31	14	518,830	496,494
Supplemental schedule of non-cash financial information:			
Other reserves		(17,169)	84,808
Foreign currency translation reserve		84,933	(206,378)
Actuarial reserve	22	(24,868)	(13,640)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

(Expressed in thousands of Saudi Riyal unless otherwise stated)

1. GENERAL INFORMATION

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

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

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

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

At December 31, 2021, the Company had investments in the following subsidiaries (collectively referred to as the "Group"):

(I) Direct subsidiaries of the Company

i) Operating subsidiaries

Subsidiary name	Country of incorporation	Principal business activity	Ownership interest (%)	
			December 31, 2021	December 31, 2020
Savola Foods Company ("SFC")	Saudi Arabia	Holding company	100	100
Panda Retail Company ("Panda")	Saudi Arabia	Retail	98.87	98.87
Good Food Company ("GFC")	Saudi Arabia	Holding company	100	100
Al Matoun International for Real Estate Investment Holding Company	Saudi Arabia	Real Estate	80	80
Herfy Food Services Company ("Herfy")	Saudi Arabia	Restaurant & manufacturing bakery products	49	49

ii) Dormant and Holding subsidiaries

Subsidiary name	Country of incorporation	Principal business activity	Ownership interest (%)	
			December 31, 2021	December 31, 2020
Adeem Arabia Company (Adeem)	Saudi Arabia	Holding company	100	100
Al Utur Arabian Company for Commercial Investment	Saudi Arabia	Holding company	100	100
Al Matana Holding Company	Saudi Arabia	Holding company	100	100
Madarek Investment Company	Jordan	Holding company	100	100
United Properties Development Company	Saudi Arabia	Dormant company	100	100

Subsidiaries controlled through Al Matana Holding Company:

SGC Ventures Limited	Cayman Islands	Holding company	100	–
SGC Marketplace Venture	Cayman Islands	Holding company	100	–

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For the year ended December 31, 2021

(Expressed in thousands of Saudi Riyal unless otherwise stated)

(II) Savola Foods Company

The Parent Company has a 100% (December 31, 2020: 100%) ownership interest in Savola Foods Company ("SFC"), which was incorporated as a closed Saudi joint stock company pursuant to Ministerial Resolution No. 236/G dated Dhul Qadah 21, 1435H (September 16, 2014). Prior to its conversion to a closed joint stock company, SFC was operating as a limited liability company registered in the Kingdom of Saudi Arabia under commercial registration number 4030180782 issued in Jeddah on Rajab 5, 1429H (July 8, 2008).

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

Subsidiaries controlled through Savola Foods Company:

Subsidiary name	Country of incorporation	Principal business activity	Ownership interest (%)	
			December 31, 2021	December 31, 2020
Afia International Company ("AIC")*	Saudi Arabia	Manufacturing of edible oils	95.19	95.19
Savola Industrial Investment Company ("SIIC")	Saudi Arabia	Holding company	100	100
El Maleka for Food Industries Company	Egypt	Manufacturing of pasta	100	100
Savola Foods Emerging Markets Company	British Virgin Islands (BVI)	Holding company	95.43	95.43
Afia International Distribution and Marketing Company *	Saudi Arabia	Trading and distribution	–	99
Savola Foods for Sugar Company	Cayman Islands	Holding company	95	95
Savola Foods Company International Limited	United Arab Emirates (UAE)	Holding company	100	100
International Foods Industries Company ("IFI")	Saudi Arabia	Manufacturing of specialty fats	100	100
Seafood International Two FZCO **	UAE	Seafood products trading and distribution	100	60
Afia Foods Arabia	Saudi Arabia	Dormant company	100	100
Seafood International Holdco (Note 7)	Cayman Islands	Holding company	100	50
Al Maoun International Holding Company ("Al Maoun")	Saudi Arabia	Holding company	100	100
Marasina International Real Estate Investment ("Marasina")	Saudi Arabia	Holding company	100	100
Commodities Sourcing Company for Trading	Saudi Arabia	Trading Company	100	100
Snacking and Ingredients Food Holding Company Limited ("SIFCO")	UAE	Holding Company	100	–
SIFCO				
Bayara Holding Limited (Note 7)	Cayman Islands	Holding company	100	–

* The Group has merged the operations of ADC with AIC during 2021. As at December 31, 2021, the related legal formalities have been completed.

** During the year, the Group has acquired the remaining stake based on the share purchase agreement dated February 15, 2021.

a) Subsidiaries controlled through Afia International Company:

Subsidiary name	Country of incorporation	Principal business activity	Ownership interest (%)	
			December 31, 2021	December 31, 2020
Savola Behshahr Company ("SBeC")	Iran	Holding company	90	90
Malintra Holdings	Luxembourg	Dormant company	100	100
Savola Foods Limited ("SFL")	BVI	Holding company	100	100
Afia International Company – Jordan (under liquidation)	Jordan	Dormant company	98.57	98.57
Inveskz Inc.	BVI	Holding company	90	90
Afia Trading International	BVI	Dormant company	100	100
Savola Foods International	BVI	Dormant company	100	100
KUGU Gida Yatum Ve Ticaret A.S ("KUGU")	Turkey	Holding company	100	100
Aseel Food – Hold Co.	Cayman Islands	Holding company	100	100
SBeC				
Behshahr Industrial Company	Iran	Manufacturing of edible oils	79.9	79.9
Tolue Pakshe Aftab Company	Iran	Trading and distribution	100	100
Savola Behshahr Sugar Company	Iran	Trading and distribution	100	100
Notrika Golden Wheat Company	Iran	Manufacturing of Food and confectionery	90	90
SFL				
Afia International Company, Egypt ("AICE")	Egypt	Manufacturing of edible oils	99.95	99.95
AICE				
Savola For Export and Import*	Egypt	Trading and distribution	49%	–
KUGU				
Savola Gida Sanayi Ve Ticaret Anonim Sirketi	Turkey	Manufacturing of edible oils	100	100

* During the year, the Group incorporated a subsidiary for the purposes of its export and import business in Egypt.

b) Subsidiaries controlled through Savola Industrial Investment Company:

Subsidiary name	Country of incorporation	Principal business activity	Ownership interest (%)	
			December 31, 2021	December 31, 2020
United Sugar Company ("USC")	Saudi Arabia	Manufacturing of sugar	74.48	74.48
USC				
Alexandria Sugar Company, Egypt ("ASCE")*	Egypt	Manufacturing of sugar	62.13	62.13
Beet Sugar Industries	Cayman Islands	Dormant company	100	100
ASCE				
Alexandria United Company for Land Reclamation	Egypt	Agro cultivation	100	100

* The Group's effective ownership interest in ASCE is 71.66% (2020: 71.66%).

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(Expressed in thousands of Saudi Riyal unless otherwise stated)

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

Subsidiary name	Country of incorporation	Principal business activity	Ownership interest (%)	
			December 31, 2021	December 31, 2020
Savola Morocco Company	Morocco	Manufacturing of edible oils	100	100
Savola Edible Oils (Sudan)	Sudan	Manufacturing of edible oils	100	100
Afia International Company – Algeria	Algeria	Manufacturing of edible oils	100	100

d) Subsidiaries controlled through Savola Foods Company International Limited:

Subsidiary name	Country of incorporation	Principal business activity	Ownership interest (%)	
			December 31, 2021	December 31, 2020
Modern Behtaam Royan Kaveh Company	Iran	Food and confectionery	100	100
Middle East Technology Ventures Limited	Cayman Island	Holding Company	100	100

e) Subsidiaries controlled through Al Maoun and Marasina

Subsidiary name	Country of incorporation	Principal business activity	Ownership interest (%)	
			December 31, 2021	December 31, 2020
Alofog Trading DMMC	UAE	Trading and distribution	100	100

f) Subsidiaries controlled through Seafood International Two FZCO

Subsidiary name	Country of incorporation	Principal business activity	Ownership interest (%)	
			December 31, 2021	December 31, 2020
Seafood International One FZCO	UAE	Seafood products distribution	80	80

g) Subsidiaries controlled through Bayara Holding Limited

Subsidiary name	Country of incorporation	Principal business activity	Ownership interest (%)	
			December 31, 2021	December 31, 2020
GYMA Food Industries *	UAE	Processing of spices, nuts and pulses	48	–
Bayara Saudi Arabia Limited Group	Saudi Arabia	Processing of spices, nuts and pulses	100	–
Bayara FZE Limited	UAE	Holding Company	100	–
Kandoo Worldwide Limited	BVI	Managing trade- marks	100	–
Kamali Investment Limited	UAE	Holding Company	100	–
Profood Holdings Limited	UAE	Holding Company	100	–

* The effective ownership interest in GYMA Food Industries is 100% (December 31, 2020: Nil) as the remaining shareholding of 52% is with Profood Holdings Limited.

(III) Panda Retail Company

The Parent Company has a 98.87% (December 31, 2020: 98.87%) ownership interest in Panda Retail Company ("Panda"), which was incorporated as a closed Saudi joint stock company pursuant to Ministerial Resolution No. 235/G dated Rajab 22, 1431H (July 3, 2010). Prior to its conversion to a closed joint stock company, Panda was operating as a limited liability company registered in the Kingdom of Saudi Arabia under commercial registration number 1010137417 issued in Riyadh on Rabi-ul-Awal 1, 1416H (July 28, 1995).

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

Subsidiaries controlled through Panda:

Subsidiary name	Country of incorporation	Principal business activity	Ownership interest (%)	
			December 31, 2021	December 31, 2020
Giant Stores Trading Company	Saudi Arabia	Retail	100	100
Panda for Operations, Maintenance and Contracting Services	Saudi Arabia	Services and maintenance	100	100
Panda International for Retail Trading	Egypt	Retail	100	100
Panda Bakeries Company	Saudi Arabia	Dormant company	100	100
Atabet Al Bab Communications and Information Technology LLC (Note 7)	Saudi Arabia	E-commerce	100	–
Giant				
Lebanese Sweets and Bakeries	Saudi Arabia	Dormant company	95	95

(IV) Good Food Company

The Parent Company has a 100% (December 31, 2020: 100%) ownership interest in Good Food Company ("GFC"), which was incorporated as a limited liability company registered in the Kingdom of Saudi Arabia under commercial registration number 4030603674 issued in Jeddah on Rabi-ul-Thani 21, 1439H (January 8, 2018).

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

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

Subsidiary name	Country of incorporation	Principal business activity	Ownership interest (%)	
			December 31, 2021	December 31, 2020
Variety Food Factory Company	Saudi Arabia	Manufacturing of frozen food	51	51
Al Ahsan Trading Company	Saudi Arabia	Trading and distribution	51	51
Al Helal Imports and Exports Company	Bahrain	Trading and distribution	51	51
Sahar Enterprises Company	UAE	Trading and distribution	51	51
Sahar Food Industry Company	UAE	Manufacturing of frozen food	51	51
Al Kabeer Holding Limited	UAE	Holding Company	51	51
Best Foodstuff Trading Company	UAE	Trading and distribution	51	51

Subsidiaries controlled through Al Kabeer Holding Limited

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in thousands of Saudi Riyal unless otherwise stated)

2. BASIS OF PREPARATION

a) Statement of compliance

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

i) Accounting convention / Basis of Measurement

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

ii) Functional and presentation currency

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

a) Critical accounting estimates and judgments

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

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

Judgments

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

- (i) Note 3(b)(i) - whether the Group exercises control over an investee
- (ii) Note 3(b)(iii) - classification of equity accounted investees
- (iii) Note 3(c)(iv) - application of hedge accounting
- (iv) Note 3 (m) – revenue recognition: whether revenue is recognised over time or at a point in time
- (v) Note 3(q) - lease classification

Assumptions and estimation uncertainties

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

i) Impairment of financial assets

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

ii) Provision for inventory obsolescence

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

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

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

iv) Impairment of non-financial assets

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

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

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

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

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

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

v) Employee benefits – defined benefit obligation

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

vi) Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

vii) Other assumptions

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

- i) Note 3(d) & 38- measurement of fair values
- ii) Note 3(j) - allowance for inventory losses
- iii) Note 3(k) - impairment in financial and non-financial assets
- iv) Note 3(l) - provision against assets restoration
- v) Note 3(m) - measurement of defined benefit obligations

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

(Expressed in thousands of Saudi Riyal unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES

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

a) Equity-settled share-based payment

The grant-date fair value of equity-settled share-based payment plan granted to employees is recognised as an expense on a straight-line basis in the statement of profit or loss, with a corresponding increase in equity as 'Other reserves', over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date.

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

b) Business combinations

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

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

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

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

Acquisitions from entities under common control

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

(i) Subsidiaries

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

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

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

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

(ii) Goodwill

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

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

(iii) Interests in equity-accounted investees

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

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

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

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

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

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

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

(iv) Non-controlling interests

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

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

c) Financial instruments**(i) Recognition and initial measurement**

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

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

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(ii) Classification and subsequent measurement

Financial assets – initial measurement

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

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

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

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

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

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

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

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

Financial assets – Business model assessment

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

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

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

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

Financial assets – Subsequent measurement and gains and losses

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

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

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment loss, if any.

Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

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

Financial liabilities – Classification, subsequent measurement and gains and losses

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

(iii) Derecognition

Financial assets

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

Financial liabilities

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

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

(iv) Derivatives

Derivative financial instruments and hedge accounting

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

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

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

Cash flow hedge

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

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

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

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

Fair value hedge

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

Other derivatives

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

(v) Offsetting

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

(iv) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks in current accounts and other short-term highly liquid investments with original maturities of three month or less and excludes bank overdrafts which are available to the Group without any restrictions.

d) Segment reporting

An operating segment is a component:

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

Segment results that are reported to the chief operating decision maker and include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

e) Foreign currency translations

(i) Foreign currency transactions

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

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

(ii) Foreign operations

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

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

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

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

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

(iii) Hyperinflationary economies

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

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f) Property, plant and equipment

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

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

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

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

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

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

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

The estimated useful lives of assets is as follow:

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

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

g) Intangible assets

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

The estimated useful lives of assets is as follow:

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

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

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

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

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

h) Investment property

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

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

i) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. In case of retail business, cost of inventory is net of rebates and commercial income which is based on the contractual terms specified in the agreements with suppliers.

Cost may also include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventories. Further, inventory may also include gain and losses transferred from market to market of firm commitment due to fair value hedge accounting and fair valuation impact of inventory price risk being hedged under fair value hedge.

Net realizable value comprises estimated selling price in the ordinary course of business, less any additional production costs for completion and appropriate selling and distribution costs. Provision is made, where necessary, for obsolete, slow moving and defective stocks.

j) Impairment

i. Financial assets

Financial instruments and contract assets

The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.

The Group measures expected credit losses against trade receivables and other financial assets that are measured at an amount equal to lifetime ECLs that result from all possible default events over the expected life of a financial instrument except for the bank balance in which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12-month ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

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Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Presentation of allowance for ECL in the statement of financial position

Allowances for expected credit loss against financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

ii) Non-financial assets

The carrying amounts of the Group's non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (the "cash-generating unit, or CGU"). Impairment exists when the carrying value of an asset or CGU exceeds the recoverable amount, which is the higher of the fair value less costs to sell and value in use. The value in use is based on a discounted cash flow (DCF) model, whereby the future expected cash flows discounted using applicable discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Impairment loss is recognized in profit or loss. Impairment loss recognized in respect of CGUs is allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment loss recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

k) Provisions

A provision is recognized if, as a result of past events, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefit, will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows using applicable rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Group records provision for decommissioning costs of manufacturing facility and restoration of leasehold improvements. Such costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the particular asset. The cash flows are discounted at a rate that reflects the current market assessments of the time value of money and risks specific to the related liability. The unwinding of the discount is expensed as incurred and recognized in the profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

l) Employees' end of service benefits*Defined benefit plan*

The Group's obligation under employees' end of service benefit plan is accounted for as an unfunded defined benefit plan and is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method. Measurements of the defined benefit liability, which comprise actuarial gains and losses are recognized immediately in other comprehensive income. The Group determines the net interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in personnel expenses in profit or loss.

Short-term employee benefits

Short-term employee benefits are expensed as the related services are provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

m) Revenues

Revenue is measured based on the consideration specified in a contract with a customer and is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

Revenue from sale of goods

Revenue from the sale is recognised in the statement of profit or loss when the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Variable consideration

Variable consideration amounts are estimated at either their expected value or most likely amount and included in revenue to the extent that it is highly probable that the revenue will not reverse.

Significant financing component

The Group evaluates significant financing component, if the period between customer payment and the transfer of goods/ services (both for advance payments or payments in arrears) is more than one year. The Group adjusts the committed amount of consideration for the time value of money using an appropriate interest rate reflecting the credit risk.

Rental income

The Group leases out various shops situated within its supermarkets and hypermarkets under operating lease agreements. Rental income is recognized on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

Commission income

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue is recognised at a point in time at which amount of commission is earned by the Group.

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n) Zakat and taxes

The Company and its subsidiaries are subject to zakat and income tax in accordance with the regulations of The Zakat, Tax and Customs Authority ("ZATCA") (previously known as General Authority of Zakat and Income Tax). Company's zakat and its share in zakat of subsidiaries are charged to the consolidated statement of profit or loss and other comprehensive income. Zakat and income tax attributable to other Saudi and foreign shareholders of the consolidated subsidiaries are charged to non-controlling interest in the accompanying consolidated statement of financial position. Additional zakat and income tax liability, if any, related to prior years' assessments arising from ZATCA are accounted for in the period in which the assessments are finalized.

The Company and its Saudi Arabian subsidiaries withhold taxes on transactions with non-resident parties and on dividends paid to foreign shareholders in accordance with ZATCA regulations.

Foreign subsidiaries are subject to zakat and income taxes in their respective countries of domicile. Such zakat and income taxes are charged to consolidated statement of profit or loss under zakat and income tax expense.

Deferred tax is provided for, using the liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on laws that have been enacted in the respective countries at the reporting date. Deferred tax assets are recognized for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilized. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Current and deferred tax assets and liabilities are offset only if certain criteria are met.

o) Finance income and finance cost

Finance income includes gains on the derivative instruments that are recognized in consolidated statement of profit or loss and other comprehensive income. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in consolidated statement of profit or loss and other comprehensive income on the date that the Group's right to receive payment is established.

Finance costs comprise of financial charges on borrowings including sukuks and unwinding of the discount on provisions and losses on derivative instruments that are recognized in consolidated statement of profit or loss and other comprehensive income. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in consolidated statement of profit or loss and other comprehensive income using the effective interest method.

Foreign currency gains and losses are reported on a net basis within finance cost.

p) Dividends

Final dividends are recorded in the financial statements in the period in which they are approved by shareholders of the Group.

Interim dividends are recorded as liability in the period in which they are approved by the Board of Directors.

q) Leases

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

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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4. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Leasehold improvements	Plant and equipment	Furniture and office equipment	Vehicles	Construction work in progress (CWIP)	Total
Cost								
Balance at January 1, 2020	1,349,556	2,659,057	1,571,974	2,721,544	2,698,255	527,140	408,743	11,936,269
Additions	66,804	5,517	4,316	26,823	46,853	24,696	219,591	394,600
Disposals / write-off	–	(3,913)	(10,318)	(15,018)	(27,628)	(47,470)	–	(104,347)
Transfer from CWIP	–	42,432	17,376	102,146	38,382	1,600	(201,936)	–
Hyperinflation adjustment	27,234	26,014	46	86,753	6,966	1,883	28,646	177,542
Effect of movement in exchange rate	(10,531)	(20,435)	(302)	(61,946)	(5,688)	(3,330)	(45,277)	(147,509)
Balance at December 31, 2020	1,433,063	2,708,672	1,583,092	2,860,302	2,757,140	504,519	409,767	12,256,555
Balance at January 1, 2021	1,433,063	2,708,672	1,583,092	2,860,302	2,757,140	504,519	409,767	12,256,555
Acquisition through Business Combination (Note 7)	388	37,936	–	27,925	30,512	753	44	97,558
Additions	–	5,656	213	20,096	15,183	13,546	306,212	360,906
Disposals / write-off	(4,798)	(24,354)	(57,748)	(12,489)	(158,690)	(19,746)	(4,465)	(282,290)
Transfer from CWIP	–	21,071	20,006	90,145	66,027	–	(197,249)	–
Hyperinflation adjustment	1,973	3,795	12	77,989	2,270	1,341	2,399	89,779
Effect of movement in exchange rate	(3,066)	(5,599)	(220)	(28,155)	(1,666)	(616)	(5,839)	(45,161)
Balance at December 31, 2021	1,427,560	2,747,177	1,545,355	3,035,813	2,710,776	499,797	510,869	12,477,347

	Land	Buildings	Leasehold improvements	Plant and equipment	Furniture and office equipment	Vehicles	Construction work in progress (CWIP)	Total
Accumulated Depreciation / Impairment								
Balance at January 1, 2020	(81,848)	(880,664)	(866,141)	(1,125,816)	(2,138,569)	(424,070)	–	(5,517,108)
Depreciation for the year	–	(110,118)	(85,591)	(174,902)	(168,214)	(28,851)	–	(567,676)
Disposals / write-off	–	1,668	10,113	11,714	24,979	45,870	–	94,344
Impairment (loss) / reversal (Note 36)	4,731	4,551	(2,412)	–	(4,251)	–	–	2,619
Hyperinflation adjustment	–	(16,783)	(34)	(57,394)	(6,244)	(1,534)	–	(81,989)
Effect of movement in exchange rate	–	8,967	94	27,044	4,139	873	–	41,117
Balance at December 31, 2020	(77,117)	(992,379)	(943,971)	(1,319,354)	(2,288,160)	(407,712)	–	(6,028,693)
Balance at January 1, 2021	(77,117)	(992,379)	(943,971)	(1,319,354)	(2,288,160)	(407,712)	–	(6,028,693)
Acquisition through Business Combination (Note 7)	–	(20,568)	–	(14,810)	(24,366)	(649)	–	(60,393)
Depreciation for the year	–	(106,257)	(83,376)	(184,879)	(142,809)	(25,289)	–	(542,610)
Disposals / write-off	–	18,821	47,104	9,303	149,127	16,956	–	241,311
Impairment loss (Note 36)	(83,775)	(50,454)	(41,645)	–	(32,700)	(1,276)	–	(209,850)
Hyperinflation adjustment	–	(4,179)	(5)	(14,429)	(1,195)	(629)	–	(20,437)
Effect of movement in exchange rate	–	1,168	153	13,070	1,238	160	–	15,789
Balance at December 31, 2021	(160,892)	(1,153,848)	(1,021,740)	(1,511,099)	(2,338,865)	(418,439)	–	(6,604,883)
Carrying amounts								
December 31, 2020	1,355,946	1,716,293	639,121	1,540,948	468,980	96,807	409,767	6,227,862
December 31, 2021	1,266,668	1,593,329	523,615	1,524,714	371,911	81,358	510,869	5,872,464

a) Construction work in progress mainly relates to upgrading and enhancing the production facilities and retail outlets of certain subsidiaries. Also refer Note 20.3.

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5. RIGHT-OF-USE ASSETS

The movement of right-of-use assets is as follows:

	Land	Buildings	Plant and equipment	Vehicles	Total
Cost					
Recognised as at January 1, 2020	859,301	4,023,006	96	51,763	4,934,166
Addition during the year	1,039	215,741	–	29,584	246,364
Leases termination / modification	–	(91,851)	–	(1,747)	(93,598)
Effect of movement in exchange rate	(784)	(618)	(71)	(946)	(2,419)
Balance at December 31, 2020	859,556	4,146,278	25	78,654	5,084,513
Balance as at January 1, 2021	859,556	4,146,278	25	78,654	5,084,513
Acquisition through Business combination (Note 7)	–	26,194	7,112	10,266	43,572
Addition during the year	3,639	171,201	–	10,034	184,874
Leases termination / modification	(17,388)	(268,632)	–	(1,056)	(287,076)
Effect of movement in exchange rate	374	(1,491)	(24)	(2,656)	(3,797)
Balance at December 31, 2021	846,181	4,073,550	7,113	95,242	5,022,086
Accumulated Depreciation					
Balance at January 1, 2020	(62,428)	(537,897)	(8)	(14,163)	(614,496)
Depreciation for the year	(72,181)	(426,753)	(20)	(19,092)	(518,046)
Leases termination / modification	–	11,226	–	1,290	12,516
Impairment loss (Note 36)	–	(53,948)	–	–	(53,948)
Effect of movement in exchange rate	229	611	27	722	1,589
Balance at December 31, 2020	(134,380)	(1,006,761)	(1)	(31,243)	(1,172,385)
Balance at January 1, 2021	(134,380)	(1,006,761)	(1)	(31,243)	(1,172,385)
Acquisition through Business combination (Note 7)	–	(6,923)	(1,246)	(3,987)	(12,156)
Depreciation for the year	(66,911)	(409,198)	(123)	(19,717)	(495,949)
Leases termination / modification	5,360	90,158	–	713	96,231
Impairment loss (Note 36)	–	(127,409)	–	–	(127,409)
Effect of movement in exchange rate	(65)	560	10	2,304	2,809
Balance at December 31, 2021	(195,996)	(1,459,573)	(1,360)	(51,930)	(1,708,859)
Carrying amounts					
December 31, 2020	725,176	3,139,517	24	47,411	3,912,128
December 31, 2021	650,185	2,613,977	5,753	43,312	3,313,227

6. INTANGIBLE ASSETS AND GOODWILL

6.1 The movement of intangible assets and goodwill is as follows:

	Goodwill	Brands with indefinite useful life	Software	Customer list	Distribution network	Total
Cost						
Balance as at January 1, 2020	495,235	252,271	212,382	75,611	8,480	1,043,979
Additions	–	–	68,868	–	–	68,868
Disposals / write-off	–	–	(39)	–	–	(39)
Effect of movement in exchange rate	(8,400)	–	(1,381)	–	–	(9,781)
Balance at December 31, 2020	486,835	252,271	279,830	75,611	8,480	1,103,027
Balance as at January 1, 2021	486,835	252,271	279,830	75,611	8,480	1,103,027
Acquisition through Business combination (Note 7)	510,555	321,800	1,900	54,700	–	888,955
Additions	–	–	117,786	–	–	117,786
Disposals / write-off	–	–	(8,488)	–	–	(8,488)
Effect of movement in exchange rate	(8,414)	–	(1,423)	–	–	(9,837)
Balance at December 31, 2021	988,976	574,071	389,605	130,311	8,480	2,091,443
Accumulated Depreciation						
Balance at January 1, 2020	–	–	(162,016)	–	–	(162,016)
Amortisation for the year	–	–	(27,229)	(2,701)	(339)	(30,269)
Disposals / write-off	–	–	10	–	–	10
Effect of movement in exchange rate	–	–	1,058	–	–	1,058
Balance at December 31, 2020	–	–	(188,177)	(2,701)	(339)	(191,217)
Balance at January 1, 2021	–	–	(188,177)	(2,701)	(339)	(191,217)
Acquisition through Business combination (Note 7)	–	–	(1,016)	–	–	(1,016)
Amortisation for the year	–	–	(19,491)	(2,701)	(339)	(22,531)
Disposals / write-off	–	–	5,388	–	–	5,388
Impairment loss (Note 36)	(13,162)	–	(12,620)	–	–	(25,782)
Effect of movement in exchange rate	–	–	1,551	–	–	1,551
Balance at December 31, 2021	(13,162)	–	(214,365)	(5,402)	(678)	(233,607)
Carrying amounts						
December 31, 2020	486,835	252,271	91,653	72,910	8,141	911,810
December 31, 2021	975,814	574,071	175,240	124,909	7,802	1,857,836

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6.2 The carrying values of goodwill, after foreign currency translation differences, comprises the following:

	December 31, 2021	December 31, 2020
Bayara Holding Limited (Note 7)	476,721	–
Savola Industrial Investment Company	145,664	145,664
Giant Stores Trading Company	95,209	95,209
Afia International Company	84,016	84,016
El Maleka for Food Industries Company	69,020	69,184
Afia International Company, Egypt	28,271	28,338
Herfy Foods Services Company	25,330	25,330
KUGU Gida Yatum Ve Ticaret A.S	10,868	19,192
United Sugar Company	14,912	14,912
Atabet Al Bab Communications and Information Technology LLC (Note 7)	12,711	–
Seafood International HoldCo (Note 7)	7,961	–
Notrika Golden Wheat Company	2,786	2,709
Behshahr Industrial Company	2,345	2,281
	975,814	486,835

The Group has reviewed the carrying amounts of goodwill to determine whether the carrying values exceeds the recoverable amounts. For the impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a non-financial asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows based on 5 year management's approved plan, discounted to their present value using the growth rates, applicable discount rates and a terminal value percentages. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below:

The calculation of value-in-use is most sensitive to the following assumptions:

a) Discount rates

Discount rates reflect management estimates of the rate of return required for each business. The management used the Weighted Average Cost of Capital (WACC) to determine the cost of capital rate. The cost of equity has been computed through the Capital Asset Pricing Model.

The following discount rates have been used which are based on the WACC of respective CGUs:

	Discount Rate %		Terminal growth rate %	
	2021	2020	2021	2020
Savola Industrial Investment Company	7.3	11.4	2.0	2.0
United Sugar Company	7.3	11.4	2.0	2.0
Afia International Company	7.3	13.3	2.0	1.5
El Maleka for Food Industries Company	13.6	16.5	3.5	5.0
KUGU Gida Yatum Ve Ticaret A.S.	20.4	15.4	12.9	5.0
Afia International Company Egypt	14.0	16.5	3.5	5.0
Notrika Golden Wheat Company	39.9	36.0	18.0	18.0
Beshar Industrial Company	29.8	31.0	18.0	18.0
Giant Stores Trading Company	10.0	10.2	2.0	2.0

b) Key commercial assumptions

The valuation is based on the key commercial assumptions that revenue growth and contribution margins in the products of the CGUs would be achieved.

As at December 31, 2021 and 2020, there was headroom available aggregating to SR 4,248 million between the recoverable amount and the carrying value of above CGUs, therefore, no impairment loss was recognised in these consolidated financial statements.

7. ACQUISITION OF SUBSIDIARIES

a. Bayara Holding Limited

During the year, the Group through its 100% owned subsidiary Snacking and Ingredients Food Holding Company Limited (SIFCO) acquired 100% shares of Bayara Holding Limited, in accordance with the terms and conditions of Share Purchase Agreement for a cash consideration of SR 975 million. The related formalities were completed on October 13, 2021.

The acquisition has been accounted for using the acquisition method under IFRS 3 – Business Combinations. The Group is currently in the process of allocating the purchase consideration to the identifiable assets, liabilities and contingent liabilities acquired. Accordingly, the Group has provisionally accounted for the transaction based on the provisional fair values of the acquired assets and liabilities as of the acquisition date.

The following table summarises the provisional fair values of assets acquired, and liabilities assumed at the date of acquisition:

	October 13, 2021
Property, plant and equipment	34,120
Intangible assets	1,900
Right-of-use assets	31,416
Inventories	72,490
Trade receivables – net	88,014
Prepayments and other receivables	5,032
Cash and bank balances	8,455
Lease liabilities	(31,941)
Loans and borrowings	(21,992)
Employee benefits	(10,257)
Trade payables and other liabilities	(55,198)
Total identifiable net assets acquired	122,039

Adjustments to the provisional fair values, goodwill and intangibles will be finalised within one year of the date of acquisition as allowed by IFRS 3.

The provisional goodwill and intangible assets arising from the acquisition has been recognized as follows:

Consideration transferred	975,260
Less: Fair value of identifiable net assets acquired	(122,039)
Less: Brands	(321,800)
Less: Customer relationships	(54,700)
Provisional goodwill	476,721

Goodwill and brands have an indefinite useful life and customer relationship have a finite life of 18 years.

The Group incurred acquisition related costs amounting to SR 10.6 million on legal fees and due diligence costs. These costs have been included in 'Administrative expenses' under Professional fees.

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b. Atabet Al Bab Communications and Information Technology LLC

During the year, in accordance with the terms and conditions of the Share Purchase Agreement, Panda Retail Company acquired 100% ownership interest of Atabet Al Bab Communications and Information Technology LLC for a consideration of SR 21.75 million. The related formalities were completed on January 27, 2021. Please also refer Note 36.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	January 27, 2021
Total consideration	21,753
Cash and bank balances	2,988
Accrued and other liabilities	(7,108)
Total identifiable liabilities assumed – net	(4,120)
Goodwill	25,873

c. SeaFood International Holdco

During the year, in accordance with the terms and conditions of the Share Purchase Agreement, SFC acquired control by acquiring the remaining 50% ownership interest in Seafood International Holdco, for a cash consideration of SR 4.9 million. The related formalities were completed on September 30, 2021.

The Group has provisionally accounted for the transaction based on the carrying values of the identifiable assets and liabilities as of the acquisition date and recognised a provisional goodwill amounting to SR 7.9 million.

Adjustments to the provisional fair values, goodwill and intangibles will be finalised within one year of the date of acquisition as allowed by IFRS 3.

8. INVESTMENT PROPERTY

	2021	2020
Cost		
Balance at beginning of year	114,998	114,667
Additions	4,201	331
Balance at end of year	119,199	114,998
Accumulated depreciation and impairment		
Balance at beginning of year	(46,204)	(42,403)
Depreciation during the year	(4,855)	(5,580)
Impairment loss reversal	–	1,779
Balance at end of year	(51,059)	(46,204)
Carrying amounts	68,140	68,794

9. EQUITY-ACCOUNTED INVESTEEES

The details of the Group's investment in equity-accounted investees are as follows:

Name	Principal business sector	Country of incorporation	Ownership interest (%)		December 31,	
			2021	2020	2021	2020
Almarai Company ("Almarai")	Fresh food products	Saudi Arabia	34.52	34.52	8,293,365	8,164,051
Kinan International for Real Estate Development Company ("Kinan")	Real Estate	Saudi Arabia	29.9	29.9	287,612	388,514
United Sugar Company, Egypt ("USCE") (Note 9.4)	Sugar Manufacturing	Egypt	33.82	33.82	227,690	280,854
Al-Seera City Company for Real Estate Development	Real Estate	Saudi Arabia	40	40	143,911	144,138
United Edible Oils Holding Limited	Holding Company	Cayman Islands	51	51	4,724	41,121
Intaj Capital Limited ("Intaj")	Fund management	Republic of Tunisia	49	49	13,046	13,046
Knowledge Economic City Developers Company	Real Estate	Saudi Arabia	2.07	2.07	15,888	15,905
Seafood International Holdco. (Note 7)	Holding Company	Cayman Islands	–	50	–	6,507
Seafood International One FZCO (Note 9.5)	Seafood products distribution	UAE	–	40	–	–
					8,986,236	9,054,136

9.1 Movement in the investment in equity-accounted investees is as follows:

	2021	2020
Balance at beginning of year	9,054,136	8,625,047
Additions	–	6,011
Share in net income, net	557,066	704,148
Fair value reserve adjustment	(60,408)	39,430
Capital distribution from equity accounted investee	(147,704)	(14,097)
Dividends	(351,549)	(306,098)
Impairment loss (Note 36)	(58,827)	–
Disposal	(6,478)	–
Other adjustments	–	(305)
Balance at end of year	8,986,236	9,054,136

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9.2 The following table summarizes the financial information of significant equity-accounted investees:

	Almarai		Kinan		USCE	
	2021	2020	2021	2020	2021	2020
Percentage ownership interest	34.52	34.52	29.9	29.9	33.82	33.82
Non-current assets	24,652,117	25,054,849	2,044,746	2,469,990	261,152	250,716
Current assets	7,102,185	7,289,457	784,311	434,356	837,787	591,441
Non-current liabilities	8,511,844	11,435,184	794,423	595,798	19,030	2,131
Current liabilities	6,624,045	4,675,443	289,892	281,834	449,340	223,463
Net assets attributable to shareholders (100%)	16,119,494	15,686,908	1,518,618	1,856,113	630,569	616,563
Group's share of net assets	5,564,449	5,415,121	454,067	554,978	213,258	208,522
Carrying amount of interest in associates	8,293,365	8,164,051	287,612	388,514	227,690	280,854

	Almarai		Kinan		USCE	
	2021	2020	2021	2020	2021	2020
Revenue	15,849,720	15,356,948	625,707	261,655	1,528,424	1,308,920
Profit / (loss) from continuing operations attributable to shareholders (100%)	1,563,543	1,984,361	178,511	486	12,838	62,821
Other comprehensive income attributable to shareholders (100%)	(92,502)	(3,764)	(830)	589	1,169	187
Total comprehensive income attributable to shareholders	1,471,041	1,980,597	177,681	1,075	14,007	63,008
Group's share of profit and total comprehensive income	474,531	723,970	53,134	320	5,664	26,433

9.3 As at December 31, 2021, the fair value of Almarai based on quoted market price amounted to SR 16.8 billion (2020: SR 18.9 billion).

9.4 During the year ended December 31, 2021, the Group has assessed the carrying value of its investment in USCE and recorded an impairment loss amounting to SR 58.8 million. The fair value is assessed using income approach under "IFRS 13 – Fair value measurement".

The significant assumptions used are as follows:

Assumptions	Rate	Sensitivity	Amount
EBITDA margin	A 3.8% average positive EBITDA margin is expected during FY22-FY26	+ / - 5 bps	SR 8.6 million
Terminal growth rate	2.6%	+ / - 5 bps	SR 1.5 million
Discount rate	9%	+ / - 10 bps	SR 5.6 million

Further, at the reporting date, the put and call options have been re-measured at fair value using "Black Scholes" model and changes therein have been recognised under net finance cost amounting to a net gain of SR 26.5 million (2020: net loss of SR 2.2 million).

9.5 During the year ended December 31, 2021, due to acquisition of additional stake of Seafood International Two FZCO, the related investment is recognized as an investment in subsidiary.

10. INVESTMENTS

Investments at December 31 comprise the following:

	December 31,	
	2021	2020
Investments held at fair value through other comprehensive income (note 10.1)	475,425	387,196
Investments at fair value through profit or loss (note 10.3)	27,069	2,792

10.1 Investments held at fair value through other comprehensive income:

	Principal business sector	Country of incorporation	Ownership interest (%)			
			December 31,		December 31,	
			2021	2020	2021	2020
Quoted investments						
Knowledge Economic City	Real Estate	Saudi Arabia	6.4	6.4	315,896	258,033
Emaar the Economic City	Real Estate	Saudi Arabia	0.9	0.9	79,988	68,555
Arab Phoenix Holdings Company	Real Estate	Jordan	5	5	–	–
Unquoted investments						
Swicorp Company	Investment Management	Saudi Arabia	15	15	29,656	60,608
Capiter	E-commerce	Republic of Mauritius	4.25	–	26,255	–
Maplebear Inc.	Retail Technology	United States of America	Less than 1	–	23,630	–
Joussour Holding Company (under liquidation)	Holding Company	Saudi Arabia	14.81	14.81	–	–
					475,425	387,196

10.2 Movement in the FVOCI investments is as follows:

	2021	2020
Balance at beginning of year	387,196	347,590
Additions during the year	37,509	–
Fair value reserves adjustment (Note 17)	50,720	39,606
Balance at end of year	475,425	387,196

10.3 This represents investment made by one of the Group's local subsidiary in mutual funds. As at December 31, 2021, an unrealised gain of SR 264 thousand (December 31, 2020: SR 196 thousand) has been recognised in the consolidated statement of profit or loss for the year.

10.4 The Group has applied an appropriate market participant discount factor in valuing certain quoted investments due to the security-specific restrictions on disposal. Accordingly, these investments have been classified as level 2 securities.

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11. INVENTORIES

	December 31, 2021	December 31, 2020
Finished products	1,770,393	1,771,439
Raw and packing materials	1,266,437	808,350
Work in process	48,385	82,007
Spare parts and supplies	198,113	183,512
Goods in transit	491,900	323,268
	3,775,228	3,168,576
Less: Provision for obsolescence / slow moving inventories	(173,545)	(101,543)
	3,601,683	3,067,033

Inventories have been reduced by SR 154.8 million (December 31, 2020: SR 158.1 million) as a result of the write-down to net realizable value.

Raw materials include raw sugar having cost of SR 130.6 million (December 31, 2020: SR 72.5 million) which are held under a fair value hedge relationship. As at December 31, 2021, the fair value of these raw sugar amounts to SR 128.4 million (December 31, 2020: SR 90.6 million).

12. TRADE RECEIVABLES

	December 31, 2021	December 31, 2020
Trade receivables	1,698,515	1,277,507
Less: Allowance for expected credit losses	(150,365)	(140,092)
	1,548,150	1,137,415
Due from related parties (Note 29)	58,485	44,811
	1,606,635	1,182,226

Following is the movement of allowance for expected credit losses:

	2021	2020
Balance at beginning of year	140,092	122,504
Acquisition through Business Combination (Note 7)	2,361	–
Impairment loss for the year, net	16,714	30,606
Reversals	(1,492)	(6,990)
Currency translation	(7,310)	(6,028)
Balance at end of year	150,365	140,092

13. PREPAYMENTS AND OTHER RECEIVABLES

	Note	December 31, 2021	December 31, 2020
Advances to vendors		357,328	203,611
Receivable from government authorities	13.1	325,790	177,473
Prepaid expenses		230,977	380,086
Change in fair value of hedged item (firm commitments)		8,548	51,434
Employee loans and advances		43,061	37,219
Positive fair value of derivatives	13.3	116,905	45,759
Unclaimed dividends		36,867	39,462
Due from related parties	29	27,947	26,283
Non-trade receivable	13.2	43,909	36,180
Refundable deposits		5,954	10,998
Prepaid rent		29,603	31,614
Others		104,229	78,799
		1,331,118	1,118,918

13.1 Receivable from government authorities mainly includes claims of certain subsidiaries on account of subsidies, value added and other taxes.

13.2 This represents non-trade related balances with affiliates of subsidiaries.

13.3 Derivatives:

	December 31, 2021	December 31, 2020
Derivatives – current assets		
Future exchange contracts	116,905	45,759
Derivatives – non-current assets		
Call option (Note 'c')	2,493	2,311
Derivatives – current liabilities		
Future exchange contracts	32,235	208,110
Derivatives – non-current liabilities		
Put option (Note 'c')	164,220	190,562

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In the ordinary course of business, the Group utilizes the following derivative financial instruments for both hedging and other purposes:

(a) Forward and futures

Forwards and futures are contractual agreements to either buy or sell a specified currency, commodity or financial instrument at a specified price and date in the future. Forwards are customized contracts transacted in the over-the-counter market. Foreign currency and special commission rate futures are transacted in standardized amounts on regulated exchanges.

(b) Swaps:

Swaps are commitments to exchange one set of cash flows for another. For interest rate swaps, counterparties generally exchange fixed and floating rate special commission payments in a single currency without exchanging principal.

(c) Options

Options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, to either buy or sell at a fixed future date or at any time during a specified period, a specified amount of a currency, commodity or financial instrument at a pre-determined price.

SFC entered into call and put option agreement with European Bank for Reconstruction and Development ("EBRD") during March 2017, in relation to transaction for disposal of stake in USCE. As per the agreement, the option can be exercised as follows:

- Call option: SFC has the right to deliver a call notice to EBRD to purchase all the shares held by EBRD in USCE from the fourth anniversary of the subscription date and ending 6.5 years after the subscription date; and
- Put option: EBRD has the right to deliver a put notice to SFC to sell all the shares held by EBRD in USCE from 6.5 years after the subscription date and ending on the seventh anniversary of the subscription date.

Reasonably possible changes at the reporting date to one of the relevant assumptions, holding other assumptions constant, would have affected the valuation of derivative financial instruments by the amounts shown below.

	2021			
	Fair Value 5%		Risk free rate 20 bps	
	Increase	Decrease	Increase	Decrease
Call Option	707	(543)	29	(29)
Put Option	(6,505)	6,297	(945)	950

13.4 Derivatives held for other purposes

Derivatives used for other purposes is for positioning, arbitrage and short-term profit making purposes.

13.5 Derivatives held for hedging purposes

The Group has adopted a comprehensive system for the measurement and management of risk (see note 38 - credit risk, market risk and liquidity risk). Part of the risk management process involves managing the Group's exposure to fluctuations in inventory prices and interest rates to reduce its exposure to inventory and interest rate risks to acceptable levels as determined by the Board of Directors.

The Board of Directors have established levels of inventory risk by setting limits on counterparty and commodity derivative exposures. Positions are monitored on a daily basis and hedging strategies are used to ensure that positions are maintained within the established limits. The Board of Directors established the level of interest rate risk by setting limits on interest rate gaps for stipulated periods.

The Group uses commodity futures to hedge against inventory price risk on raw sugar, the fair value risk on the firm commitments for sale of refined sugar and the forecast transactions. In all such cases, the hedging relationship and objective, including details of the hedged items and hedging instrument, are documented and the transactions are accounted for as fair value hedge.

December 31, 2021	Positive fair value	Negative fair value	Notional amount by term to maturity				
			Notional amount	Within 3 months	3-12 months	1-5 years	Over 5 years
Held as fair value hedge							
Commodity futures	39,391	11,638	731,980	469,448	177,204	85,328	–
Held as cash flow hedge							
Commodity futures	16,908	14,840	685,187	312,960	307,461	64,766	–
Held as others							
Commodity futures	60,607	5,761	1,009,486	1,009,486	–	–	–
Call options	2,493	–	2,493	–	–	2,493	–
Put Option	–	164,220	164,220	–	–	164,220	–

December 31, 2020	Positive fair value	Negative fair value	Notional amount by term to maturity				
			Notional amount	Within 3 months	3-12 months	1-5 years	Over 5 years
Held as fair value hedge							
Commodity futures	30,399	70,521	348,190	259,063	77,162	11,965	–
Options	–	273	479	479	–	–	–
Held as cash flow hedge							
Commodity futures	15,360	10,350	456,059	335,163	117,758	3,138	–
Held as others							
Commodity futures	–	127,239	473,702	473,702	–	–	–
Call options	2,311	–	2,311	–	–	2,311	–
Put Option	–	190,562	190,562	–	–	190,562	–

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All of the Group's Commodity derivatives are entered into with the global commodity exchanges and are mainly carried out by SFC's commodity risk control function.

The Group is exposed to variability in future special commission cash flows on sukuku that carries interest at a variable rate.

Movements in the other reserve of cash flow hedges:

	2021	2020
Balance at beginning of year	4,019	(547)
(Loss) / gain on changes in fair value recognized directly in equity, net	(6,512)	4,566
Balance at end of year	(2,493)	4,019

14. CASH AND BANK BALANCES

	December 31, 2021	December 31, 2020
Cash in hand	32,530	27,319
Cash at bank- current account	748,208	557,159
Term deposits (Note 14.1)	594,052	508,900
Cash and bank balances	1,374,790	1,093,378
Deposits with maturity more than three months	(587,354)	(480,287)
Bank overdrafts	(268,606)	(116,597)
Cash and cash equivalents for cash flow purposes	518,830	496,494

14.1 Term deposits are held by commercial banks and yield commission income at prevailing market rates.

15. SHARE CAPITAL AND DIVIDEND DECLARATION

At December 31, 2021 and December 31, 2020, the Group's share capital of SR 5.3 billion consists of 533.981 million fully paid shares of SR 10 each.

On April 28, 2021, the Company's shareholders in their Extraordinary General Assembly Meeting approved dividends amounting to SR 400.49 million representing Saudi Riyal 0.75 per share for the year ended 31 December 2020.

Subsequent to year end, the Company's Board of Directors have recommended final dividend amounting to SR 106.80 million representing Saudi Riyal 0.20 per share for the approval by the shareholders.

16. STATUTORY RESERVE

In accordance with the Company's bylaws and the Regulations for Companies in the Kingdom of Saudi Arabia, the Company transfers 10% of the net income for the year to a statutory reserve until such reserve equals 30% of its share capital. Since the Company has reached the required reserve level, therefore, no additional transfers are required to be made as at year end.

The statutory reserve in the consolidated financial statements is the statutory reserve of the Company. This reserve currently is not available for distribution to the shareholders of the Company.

17. OTHER RESERVES

Other reserves include share of reserve of equity-accounted investees, FVOCI investments and cash flow hedge. Movement in fair value reserve is as follows:

	Note	2021	2020
Balance at beginning of year		(94,585)	(179,230)
Share in changes in other reserve of associates		(60,478)	39,062
Fair value adjustment from FVOCI investments	10	50,720	39,606
Fair value adjustment from derivative financial instruments relating to cash flow hedge	13	(6,512)	4,566
Charge for equity-settled employees' share based payment plan		5,989	1,411
Balance at end of year		(104,866)	(94,585)

18. SHARE BASED PAYMENT ARRANGEMENT

On April 29, 2020, the shareholders of the Company approved the Employees Long Term Incentive Program ("Plan") for the benefit of certain eligible senior executives of the Group (the "Participants"). The Plan entitles the Participants a conditional right to receive a number of restricted share units (each unit equal to the value of one share of the Company at the Grant date), following the satisfaction of service condition. Significant features of the Plan are as follows:

Description	2021	2020
Grant date	September 10, 2021	September 10, 2020
Total number of shares granted	403,647	341,675
Service / vesting period	3 years	3 years
Fair value per share on grant date	SR 39.25	SR 49.0

Fair value per share on grant date is the closing price per share on Tadawul as at the grant date.

The total expense recognised for employees' services received during the year ended December 31, 2021 under the Plan amounted to SR 6.0 million (December 31, 2020: SR 1.4 million) and is included in 'salaries and employee related expenses' with a corresponding increase in the consolidated statement of changes in equity under the 'Other reserves'.

On April 28, 2021, the Company's shareholders in their Extraordinary General Assembly Meeting approved buy-back of 1,200,000 treasury shares under the Employees Long Term Incentive Program (LTIP) for the executives of Savola Group and its subsidiaries.

During the year ended December 31, 2021, the Group purchased 349,076 (December 31, 2020: 341,675) treasury shares amounting to SR 13.9 million (December 31, 2020: SR 16.5 million) in connection with the Plan. This includes shares funded by certain subsidiaries that are held by the Company in fiduciary capacity until vesting.

As at December 31, 2021, the number of shares to be vested are 634,086 (December 31, 2020: 276,097), after forfeiture of 111,236 shares (December 31, 2020: 65,578 shares) due to the non-completion of service condition of certain employees.

Subsequent to the year end, the Group purchased 637,955 treasury shares amounting to SR 21.4 million.

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19. NON-CONTROLLING INTERESTS

The following table summarizes the information relating to each of the Group's significant subsidiaries that has Non-Controlling Interests ("NCI"), before any intra group eliminations:

December 31, 2021	SFC	Panda	Herfy	Matoun	GFC
Non-current assets	3,909,791	4,851,343	1,529,382	292,345	515,507
Current assets	5,617,848	1,516,415	316,014	4,640	462,401
Non-current liabilities	1,813,003	3,058,955	574,771	80,367	615,184
Current liabilities	5,315,065	2,959,969	222,417	42,221	105,785
Net assets (100%)	2,399,571	348,834	1,048,208	174,397	256,939
Carrying amount of NCI	274,874	-	-	-	194,167
Revenue	12,630,122	10,476,124	1,313,856	27,545	642,944
Profit	375,441	(586,667)	160,837	(45)	72,095
Other Comprehensive Income ("OCI")	81,282	(12,208)	(7,343)	-	(3,474)
Total comprehensive income (100%)	456,723	(598,875)	153,494	(45)	68,621
Profit allocated to NCI	59,889	-	-	-	39,519
OCI allocated to NCI	20,616	-	-	-	(1,702)

December 31, 2020	SFC	Panda	Herfy	Matoun	GFC
Non-current assets	3,077,993	5,674,393	1,581,774	313,092	526,403
Current assets	4,217,097	1,549,782	367,304	21,001	475,427
Non-current liabilities	1,167,159	3,488,697	587,693	83,063	611,769
Current liabilities	3,959,715	2,789,063	401,989	51,588	109,432
Net assets (100%)	2,168,216	946,415	959,396	199,442	280,629
Carrying amount of NCI	219,740	-	-	-	201,451
Revenue	8,643,559	11,613,581	1,076,083	36,077	736,797
Profit	341,395	71,268	52,839	6,210	97,993
Other Comprehensive Income ("OCI")	(210,644)	12,615	(17,682)	-	(1,324)
Total comprehensive income (100%)	130,751	83,883	35,157	6,210	96,669
Profit allocated to NCI	30,222	-	-	-	52,232
OCI allocated to NCI	(35,729)	-	-	-	51,583

20. LOANS AND BORROWINGS

The following information reflects the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost:

	December 31, 2021	December 31, 2020
Non-current liabilities		
Secured bank loans	69,986	121,757
Unsecured bond issues (Sukuk) (Note 20.2)	1,000,000	1,000,000
Unsecured bank loans	4,066,654	3,342,544
	5,136,640	4,464,301
Current liabilities		
Current portion of secured bank loans	54,311	56,227
Current portion of unsecured bank loans	477,595	502,640
Secured bank loans	157,636	21,084
Unsecured bank loans	2,366,365	1,739,467
Bank overdrafts	268,606	116,597
	3,324,513	2,436,015
	8,461,153	6,900,316

Geographical analysis of loans and borrowings is as follows:

Location	Long term loans		Short term Loan		Total loans and borrowings	
	2021	2020	2021	2020	2021	2020
Saudi Arabia	5,516,528	4,807,848	1,315,000	1,025,278	6,831,528	5,833,126
Egypt	152,018	215,320	531,027	260,419	683,045	475,739
Algeria	–	–	263,709	150,362	263,709	150,362
Turkey	–	–	235,864	216,722	235,864	216,722
Iran	–	–	202,611	88,714	202,611	88,714
Morocco	–	–	119,710	75,055	119,710	75,055
UAE	–	–	71,065	51,369	71,065	51,369
Sudan	–	–	53,621	9,229	53,621	9,229
	5,668,546	5,023,168	2,792,607	1,877,148	8,461,153	6,900,316

20.1 These represent borrowings obtained from commercial banks and other financial institutions by the Parent Company and its subsidiaries. These borrowings are in Saudi Riyals, Egyptian Pounds, Iranian Riyals, US Dollars, Algerian Dinar, Moroccan Dirham, Turkish Lira, United Arab Emirates Dirhams and Sudanese Pounds. Certain of these borrowings are secured by a charge on the property, plant and equipment of certain overseas subsidiaries. Certain loan agreements include covenants which, amongst other things, require certain financial ratios to be maintained. Some of the borrowings of subsidiaries are secured by corporate guarantees of the Parent Company. As at December 31, 2021, loans and borrowings include sharia-compliant financing facilities amounting to SR 7.1 billion (December 31, 2020: SR 5.9 billion).

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20.2 On July 9, 2019, the Group completed the offering of Sukuk, under the new program, with a total value of SR 1 billion with a tenor of 7 years and carrying an expected variable return to the Sukuk-holders of 6 months SIBOR plus 1.60% payable semi-annually. The Sukuk will mature on July 9, 2026. The issuance included SR 507 million of the previous Sukuk, that have been redeemed and exchanged to new program.

20.3 Property, plant and equipment amounting to SR 133 million (December 31, 2020: SR 248 million) of certain overseas subsidiaries of the Group are pledged as collateral with commercial banks.

20.4 Inventories amounting to SR 93 million (December 31, 2020: SR 98 million) of certain overseas subsidiaries of the Group are pledged as collateral with commercial banks.

21. LEASE LIABILITIES

	2021	2020
Balance at beginning of year	4,366,013	4,632,526
Acquisition through Business Combination (Note 7)	31,941	–
Addition during the year	184,875	248,972
Lease terminated / modified during the year	(296,671)	(95,813)
Interest expense for the year (Note 37)	222,946	245,366
Payments during the year	(648,909)	(664,035)
Currency translation	(3,197)	(1,003)
Balance at end of year	3,856,998	4,366,013

21.1 Lease liabilities have been presented in the consolidated statement of financial position as follows:

	December 31, 2021	December 31, 2020
Lease liabilities – non-current portion	3,288,518	3,723,132
Lease liabilities – current portion	568,480	642,881
	3,856,998	4,366,013

22. EMPLOYEE BENEFITS

General Description of the plan

The Group operates an approved unfunded employees' end of service benefits scheme / plan for its permanent employees as required by the Saudi Arabian Labour law and in accordance with the local statutory requirements of the foreign subsidiaries.

The amount recognized in the consolidated statement of financial position is determined as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligation	857,358	803,870

An independent actuarial exercise has been conducted as at December 31, 2021 and December 31, 2020 to ensure the adequacy of provision for employees' end of service benefits in accordance with the rules stated under the Labour Laws of respective jurisdictions by using the Projected Unit Credit Method as required under International Accounting Standards 19: Employee Benefits.

Movement in net defined benefit liability

Net defined benefit liability comprises only of defined benefit plans. The movement in the defined benefit obligation during the year is as follows:

	2021	2020
Balance at beginning of year	803,870	747,201
Acquisition through Business Combination (Note 7)	10,488	–
Included in profit or loss		
Current service cost	96,268	98,146
Interest cost	19,298	29,135
	115,566	127,281
Included in other comprehensive income		
Re-measurement loss / (gain):		
Actuarial loss / (gain) arising from:		
Financial assumptions	11,913	17,304
Experience adjustment	12,955	(3,664)
Actuarial loss	24,868	13,640
Effect of movement in exchange rates	(2,468)	(14,863)
Benefits paid	(94,966)	(69,389)
Balance at end of year	857,358	803,870

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date:

	December 31, 2021	December 31, 2020
Discount rate	1.78% - 14.5%	1.25% - 14.5%
Future salary growth / Expected rate of salary increase	2% - 12.5%	2% - 16.5%
Mortality rate	0.10% - 0.20%	0.10% - 0.20%
Employee turnover / withdrawal rates	3% - 11.49%	2.71% - 13%
Retirement age	60 years	60 years

The weighted average duration of the defined benefit obligation ranges between 5 to 22 years.

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Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	December 31, 2021		December 31, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(72,122)	70,761	(68,288)	80,491
Future salary growth (1% movement)	72,102	(73,479)	81,059	(70,500)
Withdrawal rates (10% movement)	(10,806)	10,430	(10,670)	11,684
Future mortality (1 year movement)	448	(445)	474	(449)

The analysis does not take account of the full distribution of cash flows expected under the plan, and only provides an approximation of the sensitivity of the assumptions considered.

23. DEFERRED TAX

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2021	2020	2021	2020	2021	2020
Property, plant and equipment	–	–	(98,241)	(97,173)	(98,241)	(97,173)
Provisions	9,945	10,705	(22,057)	(17,018)	(12,112)	(6,313)
Other items	2,988	4,657	(24,051)	(18,860)	(21,063)	(14,203)
Tax losses carry-forward	15,870	14,438	–	–	15,870	14,438
Net tax asset / (liabilities)	28,803	29,800	(144,349)	(133,051)	(115,546)	(103,251)

The movement in deferred tax liability-net, recognised in profit and loss and Other Comprehensive Income – Foreign Currency Translation differences (“OCI – CTR”), is as follows:

	January 1, 2021	Recognised in profit of loss	Recognised in OCI – CTR	Other Adjustments	December 31, 2021
Property, plant and equipment	(97,173)	(1,258)	190	–	(98,241)
Provisions	(6,313)	(6,486)	687	–	(12,112)
Other items	(14,203)	(8,284)	1,424	–	(21,063)
Tax carry-forwards	14,438	(2,986)	(3,369)	7,787	15,870
	(103,251)	(19,014)	(1,068)	7,787	(115,546)

	January 1, 2020	Recognised in profit of loss	Recognised in OCI – CTR	December 31, 2020
Property, plant and equipment	(85,562)	(11,610)	(1)	(97,173)
Provisions	(11,090)	5,057	(280)	(6,313)
Other items	(9,591)	(4,635)	23	(14,203)
Tax carry-forwards	3,978	10,448	12	14,438
	(102,265)	(740)	(246)	(103,251)

24. TRADE PAYABLE

	Note	December 31, 2021	December 31, 2020
Third parties		2,715,124	2,281,397
Related parties	29	192,730	193,601
		2,907,854	2,474,998

25. ACCRUED AND OTHER LIABILITIES

	Note	December 31, 2021	December 31, 2020
Accrued expenses		688,111	572,137
Marketing related accruals		403,891	352,782
Employee related accrual		332,797	337,584
Accrued zakat and tax	26	226,873	199,210
Negative fair value of derivatives	13.3	32,235	208,110
Accrued utilities		126,836	130,303
Payable to government authorities	25.1	104,770	99,820
Payable to contractors		132,124	76,557
Provision against financial guarantee	25.2	18,650	74,295
Due to related parties	29	222	74,232
Accrued financial charges		31,249	41,378
Accrued rent	25.3	84,699	38,215
Advances from customers		61,693	36,325
Change in fair value of hedged item (firm commitments)		34,451	29,152
Unclaimed dividend	25.4	5,141	15,261
Insurance related liabilities		3,755	8,930
Other liabilities		369,776	335,671
		2,657,273	2,629,962

25.1 Payable to government authorities represents estimated payments to be made to government authorities related to custom duties, value added tax, subsidies and price adjustments on edible oil purchases.

25.2 Savola Group Company issued a corporate guarantee in favour of Saudi Industrial Development Fund ("SIDF") along with certain other entities (together referred to as the "SIDF Guarantors") for the loan facility availed by Eastern Industrial Company ("EICO", "Joussour Holding Company's subsidiary" or Group's affiliate). In 2018, the Company has received a notice from SIDF to settle its share of the guarantee due to default in repayment by EICO of SIDF loan, triggered from the adverse financial performance.

Accordingly, the Company recorded a provision amounting to SR 100.7 million during the year ended December 31, 2018. During the year, the Company made a partial payment amounting to SR 57.5 million (2020: SR 26.4 million) against the guarantee.

25.3 This includes additional accrued rent resulting from the lease cancellation of retail outlets.

25.4 Unclaimed dividends represent dividend declared by the Company in prior years and share fractions, which resulted from split of shares in prior years. Such amounts have not yet been claimed by the respective shareholders. In the opinion of management, the unclaimed dividend represents the amount which can be claimed during the next year. However, the amount which have not been claimed for over three years are unlikely to be paid during the next year and accordingly, classified under long term payables.

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26. ZAKAT AND INCOME TAXES

Zakat and taxes included in the consolidated statement of profit or loss comprises of the following:

	December 31, 2021	December 31, 2020
Foreign income-tax charge	66,023	77,542
Zakat	43,701	40,429
	109,724	117,971
Deferred foreign income-tax charge (Note 23)	19,014	740
	128,738	118,711

The movement in the accrued zakat and current income-taxes are as follows:

	2021	2020
Balance at beginning of year	199,210	242,456
Charge for the year	109,724	117,971
Currency translation / other adjustments	(3,404)	(27,167)
Payments during the year	(78,657)	(113,047)
Reversals	–	(21,003)
Balance at end of year	226,873	199,210

(a) Zakat status

During the year 2019, the Company has finalised its Zakat status for the years 2005 to 2018. The ZATCA conducted a field audit on the Company's accounts for the years 2005 to 2012, and claimed additional Zakat difference of SR 85.8 million. Subsequently, the assessment was agreed with the ZATCA Settlement Committee and the Company settled the liability with an amount of SR 10.2 million. Moreover, the years from 2013 to 2018 were also finalized based on amended returns and resulting in assessment of SR 5.4 million. During the year 2020, the ZATCA issued a revised claim for the previously finalized years from 2014 to 2018. The management has escalated an objection against the said claim to the level of General Secretariat of Tax Committees and believes that the settlement of the claim is not probable, therefore no provision has been recorded in these consolidated financial statements. The Company has open years 1999 and 2000, for which there is an ongoing objection of SR 1.9 million against the assessment issued by ZATCA.

Certain subsidiaries in the foods processing sector have also received final or provisional zakat certificates until the year 2020. Accordingly, payment plans have been pursued as per the agreement with ZATCA and liabilities have been adjusted against the final settlement amounts. Further, the ZATCA claimed additional zakat amounting to SR 63 million in relation to a subsidiary for certain years previously finalized. As a result of objection filed by the subsidiary against these claims, the ZATCA issued a revised assessment with no additional liability. Moreover, the ZATCA recently issued an additional claim amounting to SR 69.7 million for another subsidiary for the years 2015 to 2018. The subsidiary has escalated an objection against the said claim to the level of General Secretariat of Tax Committees and believes that the settlement of the claim is not probable, therefore no provision has been recorded in these consolidated financial statements.

Also, the Group has pending appeals against additional claims and assessments of certain subsidiaries with total Zakat differences of SR 35.9 million (December 31, 2020: approximately SR 7.8 million).

(b) Income tax status

The Group's foreign subsidiaries are obliged to pay income tax as per applicable tax laws of their countries of incorporation. Some of the foreign subsidiaries are currently tax exempt. Tax paying foreign subsidiaries determine their liabilities based on applicable corporate rates to the adjusted taxable income for the year. Certain foreign subsidiaries are also obliged to pay quarterly advance tax determined on prior year tax liability bases.

Certain foreign subsidiaries have received final tax assessments for certain years and provisional tax assessments for other years. They have also received queries from departments of income tax after their assessment or inspections for open years, for which replies have been filed.

The Group management believes that there are no significant amounts under protest with departments of income tax in any foreign operation.

27. CONTINGENCIES AND COMMITMENTS

	December 31, 2021	December 31, 2020
	Amounts in millions of Saudi Riyals	
Letters of credits	58	79
Bank guarantees	126	86
Commitments to buy raw sugar	405	252
Commitments to sell refined sugar	824	450
Capital commitments	51	47
	Quantity in Metric tonnes	
Commitments to buy raw sugar	234,500	211,134
Commitments to sell raw sugar	381,026	243,655

27.1 Also see note 20 with respect to guarantees given for certain loans and note 26 with respect to Zakat contingencies.

27.2 The Group has various operating leases for its offices, warehouses, retail outlets and production facilities. Future rental commitments under these operating leases amounting to SR 50.3 million (December 31, 2020: SR 31.8 million) are payable within one year.

28. EARNINGS PER SHARE

Basic earnings per share for the year ended December 31, 2021 and December 31, 2020 have been computed by dividing the net profit attributable to shareholders of the Parent Company for such periods by the weighted average number of shares outstanding 533.531 million (December 31, 2020: 533.874 million) during such periods.

Diluted earnings per share for the year ended December 31, 2021 and December 31, 2020, have been computed by dividing the profit attributable to shareholders of the Parent Company for such periods by the weighted average number of shares outstanding adjusted for the effects of all dilutive potential ordinary shares i.e. 533.981 million (December 31, 2020: 533.981 million).

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Weighted average number of ordinary shares for the purpose of computing basic earnings per share are as follows:

	December 31, 2021	December 31, 2020
Issued ordinary shares	533,980,700	533,980,700
Effect of treasury shares (note 18)	(449,745)	(106,423)
Weighted average number of ordinary shares outstanding	533,530,955	533,874,277

29. RELATED PARTIES

Related parties include the Group's shareholders, associates and affiliated companies, other entities related to certain consolidated subsidiaries and key management personnel of the Group. Terms and conditions of these transactions are approved by the Group's management.

Transactions with key management personnel

Key management personnel compensation

Compensation to the Group's key management personnel includes salaries, non-cash benefits, and post-employment benefits, in relation to which, the Group has recognized an expense of SR 29.4 million for the year ended December 31, 2021 (December 31, 2020: SR 31 million).

Board of Directors' remuneration for the year ended December 31, 2021 amounting to SR 2.2 million (December 31, 2020: SR 2.2 million) has been calculated in accordance with the Company's By-laws and is charged to the consolidated statement of profit and loss. Attendance allowances and other expenses to the directors and members of various board committees amounting to SR 3.3 million (December 31, 2020: SR 2.9 million) are charged to expenses and included under administrative expenses.

Other related party transactions

A number of companies transacted with the Group during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related companies on arm's length basis.

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash within agreed credit period from the date of transaction. None of the balances are secured. No expense has been recognized in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.

The aggregate value of related party transactions and outstanding balances are as follows:

Name	Relationship	Nature of transactions	Amount of transactions		Closing balance	
			2021	2020	December 31, 2021	December 31, 2020
Due from related parties – Trade receivables						
Certain shareholders of USC	Shareholders of a subsidiary	Trade	182,775	165,721	31,191	19,506
Certain shareholders of AIC	Shareholders of a subsidiary	Trade	90,622	75,889	15,448	17,761
Almarai	Associate	Trade	47,762	33,778	3,773	4,476
Western Bakeries Company Limited	Affiliate	Trade	59,830	43,585	8,073	3,068
USCE	Associate	Trade	4,607	2,626	–	–
					58,485	44,811

Name	Relationship	Nature of transactions	Amount of transactions		Closing balance	
			2021	2020	December 31, 2021	December 31, 2020
Due from related parties – Prepayments and other receivables						
USCE	Associate	Non-trade	154,577	–	385	–
Al Mehbaj Al Shamiyah Trading Company	Affiliate	Non-trade	6,985	8,507	2,760	3,078
Waste Collection & Recycling Company	Affiliate	Non-trade	5,683	5,494	4,249	1,241
Khairat AlSharq for General Trade and Manufacturing Foodstuff Company	Affiliate	Non-trade	1,530	963	20,060	21,590
Zohoor Alreef	Affiliate	Non-trade	184	335	493	374
Intaj Capital Limited	Associate	Non-trade	–	14,097	–	–
Seafood International One	Affiliate	Non-trade	–	2,728	–	–
					27,947	26,283

Name	Relationship	Nature of transactions	Amount of transactions		Closing balance	
			2021	2020	December 31, 2021	December 31, 2020
Due to related parties – Trade payables						
Almarai	Associate	Trade	733,678	813,686	115,536	109,769
Nestle Group	Affiliate	Trade	343,704	345,209	44,398	38,563
Mayar Food Company	Affiliate	Trade	114,042	105,880	27,394	22,454
Del Monte Saudi Arabia Limited	Affiliate	Trade	95,549	131,639	3,242	8,152
Al Mehbaj Al Shamiyah Trading Company	Affiliate	Trade	14,921	25,800	1,494	3,714
Al Manhal Water Factory Company Limited	Affiliate	Trade	6,860	5,834	614	1,493
USCE	Associate	Trade	–	23,455	–	29
Seafood International One	Affiliate	Trade	–	17,204	–	9,375
Al Jazirah Dates & Food Factory	Affiliate	Trade	–	32	52	52
					192,730	193,601

Name	Relationship	Nature of transactions	Amount of transactions		Closing balance	
			2021	2020	December 31, 2021	December 31, 2020
Due to related parties – Accrued and other liabilities						
Arabian Centers Company	Affiliate	Non-trade	34,949	34,726	–	–
Kinan	Associate	Non-trade	28,947	33,497	222	295
Dur Hospitality Company	Affiliate	Non-trade	10,500	10,500	–	–
USCE	Associate	Non-trade	–	34,709	–	73,937
Del Monte Saudi Arabia	Affiliate	Non-trade	683	555	–	–
Abdul Kader Al Muhaidib & Sons Co.	Shareholder	Non-trade	266	7,200	–	–
					222	74,232

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30. OPERATING SEGMENTS

The Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different capabilities and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer (Chief Operating Decision Maker) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Food processing - includes manufacturing, sale and distribution of Edible oils, Sugar, Pasta, Spices, Nuts, Pulses and other food products.

Retail - includes hyper markets and super market operations;

Food services - includes food products and fast food restaurants' chain operated by Herfy;

Frozen Food - includes manufacturing, wholesale and retail distribution of frozen food products operated by Good Food Company; and

Investments - includes real estate activities, investments in associates, FVTPL, FVOCI and other investments.

The segments which do not meet any of the quantitative thresholds for determining reportable segments, are classified as "Others / Eliminations", which mainly include the eliminations.

Performance is measured based on segment profit net of income tax and zakat, as included in the internal management reports. Management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis. Information regarding the results of each reportable segment is included below:

December 31, 2021	Reportable Segments					Others / Eliminations	Total
	Food Processing	Retail	Food Services	Frozen Food	Investments		
External revenues	12,318,246	10,474,039	1,282,217	594,661	-	-	24,669,163
Inter segment revenue	311,876	2,085	31,639	48,283	27,545	(421,428)	-
Segment Revenue	12,630,122	10,476,124	1,313,856	642,944	27,545	(421,428)	24,669,163
Cost of revenues	(11,102,140)	(8,136,660)	(928,365)	(414,207)	-	390,923	(20,190,449)
Impairment loss, net (Note 36)	(43,583)	(363,038)	-	-	(15,245)	-	(421,866)
Segment net profit before non-controlling interests	375,441	(586,667)	160,837	72,095	374,408	-	396,114
Segment net profit	315,555	(586,667)	160,837	72,095	374,408	(114,349)	221,879
Segment assets	9,527,639	6,367,758	1,845,396	977,908	13,880,373	(4,053,155)	28,545,919
Segment liabilities	7,128,068	6,018,924	797,188	720,969	5,524,373	(735,416)	19,454,106

December 31, 2020	Reportable Segments					Others / Eliminations	Total
	Food Processing	Retail	Food services	Frozen Food	Investments		
External revenues	8,377,952	11,610,718	1,035,564	677,707	–	–	21,701,941
Inter segment revenue	265,607	2,581	40,519	59,090	36,077	(403,874)	–
Segment Revenue	8,643,559	11,613,299	1,076,083	736,797	36,077	(403,874)	21,701,941
Cost of revenues	(7,355,996)	(8,775,749)	(824,182)	(473,428)	–	367,797	(17,061,558)
Impairment loss, net (Note 36)	–	(49,550)	–	–	–	–	(49,550)
Segment net profit before non-controlling interests	341,395	71,268	50,963	97,993	459,677	–	1,021,296
Segment net profit	311,172	71,268	50,963	97,993	459,677	(80,271)	910,802
Segment assets	7,301,862	7,224,174	1,949,078	1,001,831	14,062,985	(4,481,546)	27,058,384
Segment liabilities	5,133,571	6,277,683	988,927	721,201	5,562,601	(790,153)	17,893,830

31. REVENUE

The Group generates revenue primarily from the sale of goods. Other sources of revenue include rental income and commission income.

2021	Reportable Segments					Others / Eliminations	Total
	Food Processing	Retail	Food services	Frozen Food	Investments		
Products transferred at a point in time	12,630,122	10,428,514	1,313,856	642,944	–	(393,883)	24,621,553
Products and services transferred over time	–	47,610	–	–	27,545	(27,545)	47,610
Total revenue	12,630,122	10,476,124	1,313,856	642,944	27,545	(421,428)	24,669,163

2020	Reportable Segments					Others / Eliminations	Total
	Food Processing	Retail	Food services	Frozen Food	Investments		
Products transferred at a point in time	8,643,559	11,577,303	1,076,083	736,797	–	(367,797)	21,665,945
Products and services transferred over time	–	35,996	–	–	36,077	(36,077)	35,996
Total revenue	8,643,559	11,613,299	1,076,083	736,797	36,077	(403,874)	21,701,941

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32. COST OF REVENUES

	2021	2020
Inventories consumed / sold*	18,196,114	15,253,407
Salaries and employee related expenses	699,199	628,101
Overheads	648,298	558,504
Depreciation and amortisation	398,449	405,370
Freight & handling	248,389	216,176
	20,190,449	17,061,558

* Inventories consumed / sold are net of rebates, commercial and promotional income from retail business.

33. SELLING AND DISTRIBUTION EXPENSES

	2021	2020
Salaries and employee related expenses	1,359,499	1,360,515
Depreciation and amortisation	589,981	629,950
Utilities	238,097	261,404
Advertisement	234,837	200,715
Maintenance	93,043	95,149
Rent	39,530	94,519
Commission	116,571	78,173
Insurance	22,417	31,820
Communication	11,048	10,404
Others	21,337	18,721
	2,726,360	2,781,370

34. ADMINISTRATIVE EXPENSES

	2021	2020
Salaries and employee related expenses	522,871	537,834
Depreciation and amortisation	77,515	86,251
Professional fees	94,016	65,786
IT related cost	33,260	29,311
Utilities, telephone and communication cost	18,639	17,886
Insurance	17,691	12,874
Repairs and maintenance	9,955	9,605
Traveling	5,779	7,248
Rent	3,935	4,394
Training	7,012	3,366
Others	80,586	78,232
	871,259	852,787

35. HYPERINFLATIONARY ACCOUNTING

The Group closely monitors the economic conditions for its foreign operations including qualitative consideration prescribed in IAS 29 – Financial Reporting in Hyperinflationary Economies. The Group uses available official statistics or other reliable information sources to estimate the impact of hyperinflation.

During the year ended December 31, 2021 the Group's foreign operations in Iran and Sudan were subject to hyperinflation and accordingly the reported amounts of the local operations have been adjusted in accordance with IAS 29. The official statistics published for Iran and Sudan have been used to estimate the hyperinflation accounting impact recorded during the year ended December 31, 2021.

The main effects on the Group's consolidated financial statements due to hyperinflationary accounting (which includes both indexing up and using of closing exchange rate) for the years ended December 31 are as follows:

	Year ended December 31, 2021		
	Iran	Sudan	Total
Revenue increased by	97,583	549,989	647,572
Profit for the year decreased by	(7,085)	(8,654)	(15,739)
Total non-current assets increased / (decreased) by	(2,848)	46,350	43,502
Currency translation differences impacted by	28,796	75,829	104,625

	Year ended December 31, 2020		
	Iran	Sudan	Total
Revenue (decreased) / increased by	(83,388)	31,093	(52,295)
Profit for the year (decreased) / increased by	(5,278)	4,758	(520)
Total non-current assets increased by	94,728	825	95,553
Currency translation differences impacted by	113,203	(4,134)	109,069

The conversion factors used for the CPI adjustment for the year ended are given below:

	December 31, 2021	December 31, 2020
Conversion factor for Iran	1.3514	1.4570
Conversion factor for Sudan	4.5050	3.6244

36. IMPAIRMENT LOSS

The Group reviews the carrying amounts of its non-financial assets including goodwill to determine whether their carrying values exceed the recoverable amounts. For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a non-financial asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is established based on the estimated future cash flows on the basis of budget after excluding impact of future renovation, using growth rates, terminal value percentages and discounting to their present value using pre-tax discount rates as mentioned in note 36(a) and 36(c).

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

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Following are the details of the impairment assessment carried out in retail segment;

Key assumptions used for determination of value in use except for freehold land:

Cash flow projections were prepared using budgeted earnings before interest, zakat, depreciation and amortisation (EBITDA) taking into account past experience, and following factors:

- (i) Estimated revenue and EBITDA growth for future five years based on expected sales volume and price growth for these years.
- (ii) Estimated improvement in gross margins and EBITDA as a result of improvement plans currently being carried out by the Group.

These cash flows were discounted using a pre-zakat discount rate which was estimated using industry average weighted-average cost of capital and cost of debt, with a target debt to equity ratio of 79.9% at a post Zakat cost of debt of 3.7%.

a) Impairment loss on recoverable amount of non-current assets excluding freehold land:

During the year, the Group has recognised an impairment loss of SR 127.4 million (2020: SR 53.9 million) against right-of-use assets, impairment loss of SR 173.8 million (2020: SR 0.3 million) against items of property, plant and equipment and impairment loss of SR 12.6 million against intangible assets, due to changes in economic environment affecting footfall and basket size in retail segment.

The recoverable amount is based on "value-in-use" method and was determined at the level of cash generating unit ("CGU") as identified by management and consists of the net operating assets of each store. In determining value in use for the CGUs, the cash flows (determined using approved five-year business plan and budget) were discounted at a rate of 10.3% to 11.4% on a post-Zakat basis and were projected up to the year 2026.

The key assumptions used for determination of recoverable amounts are as follows:

	2021	2020
Budgeted gross margin	23.8% to 25.8%	24.6% to 26.7%
Revenue growth rate	2.8% to 2.9%	0.3% to 5.2%
Operating expenses as percentage of sale	18.3% to 18.6%	16.9% to 16.1%
Budgeted EBITDA margins	5.5% to 7.2%	7.7% to 10.6%
Discount rate	10.3% to 11.4%	10.2% to 13.3%
Terminal growth value	2.0%	2.0%

The calculation of value-in-use is most sensitive to the following key assumptions used:

- Discount rate applied to cash flows projections
- Revenue growth rate
- EBITDA margins and
- Terminal Growth rate

b) Impairment loss / reversal on recoverable amount of freehold land:

The Group recognized an impairment loss of SR 36 million (2020: impairment reversal of SR 4.7 million) on freehold land, due to unfavorable changes in market dynamics.

The recoverable amount is based on "comparable" method and was determined at the level of individual assets as identified by management. In determining market value, properties with similar characteristics in the same market area that have recently been sold were selected. Once those properties were found, they were compared to the property in question and an adjustment in value was made for comparative deficiencies and advantages.

c) Impairment loss on goodwill:

An impairment loss of SR 13.2 million was recognized during the year ended December 31, 2021 on the goodwill of Atabet Al Bab Communications and Information Technology LLC.

The key assumptions used for determination of recoverable amounts, using value in use basis, are as follows:

	2021
Budgeted gross margin	18.8% to 20.8%
Weighted average revenue growth rate	30.6%
Operating expenses as percentage of sales	17.6% to 36.4%
Budgeted EBITDA margins	-17.6% to 3.2%
Discount rate	12.0%
Terminal growth value	2.0%

The calculation of value in use is most sensitive to the assumptions on revenue growth rate and operating expenses as percentage of revenue and long-term growth rate used to extrapolate cash flows beyond the budget period of 5 years.

37. NET FINANCE COST

	2021	2020
Commission income on bank deposits	56,934	46,087
Gain on re-measurement of other commodity futures	10,523	33,023
Positive fair value of options	26,524	313
Finance income	93,981	79,423
Financial charges on borrowings	291,187	286,920
Interest expense on lease liabilities	222,946	245,366
Bank commission	60,286	39,832
Foreign exchange loss, net	5,336	41,890
Negative fair value of options	-	2,469
Unwinding of discount on site restoration	5,669	4,766
Finance cost	585,424	621,243
Net finance cost recognized in profit or loss	491,443	541,820

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38. FINANCIAL RISK MANAGEMENT

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

Risk management framework

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

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

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

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

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

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

Market risk

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

Interest rate risk

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

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

During 2014, the Group entered into Interest Rate Swaps ("IRSs") to partially manage its exposure to interest rate risk on Sukuk issuance value of SR 1.5 billion, up to the extent of SR 750 million. This had been designated as a Cash flow hedge. The IRSs matured on January 22, 2020.

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

	December 31, 2021	December 31, 2020
Fixed rate instruments		
Financial assets	548,950	472,077
Financial liabilities	1,740,804	1,555,686
Variable rate instruments		
Financial assets	45,102	36,823
Financial liabilities	6,720,349	5,344,630

The fair value of fixed rate financial liabilities amounted to SR 1,707 million.

Sensitivity analysis for fixed rate instruments

Change in 100 basis points in interest rates, with all other variables held constant, would have increased or decreased the equity and profit before zakat and income tax for the year by SR 11.9 million (2020: SR 11.1 million).

Sensitivity analysis for variable rate instruments

Change in 100 basis points in interest rates, with all other variables held constant, would have increased or decreased the equity and profit before zakat and income tax for the year by SR 67.7 million (2020: SR 53.3 million).

Currency risk

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

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

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Following is the significant gross financial position exposure (in thousands) classified into separate foreign currencies:

	December 31, 2021					
	US Dollars	Iranian Riyals	Egyptian Pounds	Sudanese Pounds	Turkish Lira	United Arab Emirates Dirhams
Trade receivables	40,477	4,777,031,040	527,829	1,009,666	564,439	41,449
Other receivables	1,970	902,500,144	258,088	937,955	47,248	1,657
Cash and bank balances	20,136	19,232,166,164	928,953	2,496,276	1,289	113,346
	62,583	24,911,697,348	1,714,870	4,443,897	612,976	156,452
Trade payables	144,358	6,454,225,816	540,010	71,954	90,851	31,233
Other payables	6,013	4,939,736,618	838,397	1,491,323	4,708	25,507
Loans and borrowings	30,761	10,187,759,805	2,584,079	6,458,860	813,729	251
	181,132	21,581,722,239	3,962,486	8,022,137	909,288	56,991
Net exposure	(118,549)	3,329,975,109	(2,247,616)	(3,578,240)	(296,312)	99,461

	December 31, 2020					
	US Dollars	Iranian Riyals	Egyptian Pounds	Sudanese Pounds	Turkish Lira	United Arab Emirates Dirhams
Trade receivables	7,336	2,432,828,253	322,541	86,957	250,048	35,155
Other receivables	4,727	1,918,614,600	273,312	62,024	30,889	16,312
Cash and bank balances	27,307	12,722,409,580	282,252	881,423	2,911	78,756
	39,370	17,073,852,433	878,105	1,030,404	283,848	130,223
Trade payables	87,738	8,446,462,668	414,110	264,825	60,589	19,755
Other payables	1,587	3,251,401,097	787,574	46,293	17,464	29,010
Loans and borrowings	4,629	5,967,259,717	1,275,900	660,763	424,775	22,728
	93,954	17,665,123,482	2,477,584	971,881	502,828	71,493
Net exposure	(54,584)	(591,271,049)	(1,599,479)	58,523	(218,980)	58,730

Significant exchange rates applied during the year were as follows:

	Average rate		Spot rate	
	For the year ended December 31,		As at December 31,	
	2021	2020	2021	2020
Foreign currency per Saudi Riyal				
US Dollars	0.27	0.27	0.27	0.27
Iranian Riyals	66,344	48,700	65,425	67,264
Egyptian Pounds	4.20	4.24	4.20	4.19
Sudanese Pounds	96.10	47.67	120.60	71.60
Turkish Lira	2.71	1.73	3.46	1.96
United Arab Emirates Dirhams	1.02	1.02	1.02	1.02

The Group's investment in foreign subsidiaries are not hedged.

Sensitivity analysis

Every 1% increase or decrease in exchange rate with all other variables held constant will decrease or increase equity and profit before zakat and income tax for the year by SR 8.2 million (2020: SR 6.5 million).

Price risk

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

Further, as disclosed in Note 13, the put and call option are periodically valued based on Black Scholes' model using certain assumptions including the sugar prices; the fluctuations of which affects the valuations.

Details of the Group's investment portfolio exposed to price risk, at the reporting date are disclosed in note 10 to these consolidated financial statements. As at December 31, 2021, the Company's overall exposure to price risk is limited to the fair value of those positions.

Sensitivity analysis

The net assets of the Group will increase / (decrease) by SR 3.6 million (2020: SR 3.0 million) if the prices of quoted equity vary due to increase / decrease in fair values by 1% with all other factors held constant.

Credit risk

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

The Group's maximum exposure to credit risk at the reporting date is as follows:

	December 31, 2021	December 31, 2020
Financial assets		
Trade receivables	1,757,000	1,322,318
Other receivables	378,354	278,712
Derivatives	116,905	45,759
Investment at fair value through profit or loss	27,069	2,792
Bank balances	1,342,260	1,066,059
	3,621,588	2,715,640

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Trade receivables are carried net of allowance for Expected Credit Losses.

As at the reporting date, receivable overdue for more than six months amounted to SR 134.6 million (December 31, 2020: SR 129.6 million). The total allowance for Expected Credit Losses ("ECL") at December 31, 2021 amounted to SR 150.4 million (December 31, 2020: SR 140.1 million). There were no past due or impaired receivables from related parties other than SR 4 million receivable from an investee company, Jousour Holding Company. "Related Parties". Company has recorded full impairment against the said receivable balance.

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

The following table provides information about the exposure to credit risk for receivables as at December 31:

	Gross carrying amount	
	December 31, 2021	December 31, 2020
Current (not past due)	1,401,093	679,849
1–30 days past due	149,722	298,644
31–60 days past due	32,407	157,672
61–90 days past due	27,633	38,781
More than 90 days past due	146,145	147,372
Total	1,757,000	1,322,318

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

Other receivables

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

Cash and bank balances

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

Concentration Risk

The sector wise analysis of receivables is given below:

	December 31, 2021	December 31, 2020
Wholesale / Retail	990,735	811,374
Manufacturing	410,760	221,475
Exports	212,086	147,135
Others	143,419	142,334
	1,757,000	1,322,318
Less: Allowance for Expected Credit Losses	(150,365)	(140,092)
	1,606,635	1,182,226

The maximum exposure to credit risk for receivables by geographic region is as follows:

	December 31, 2021	December 31, 2020
Saudi Arabia	1,058,877	925,902
Turkey	180,940	141,577
Egypt	183,708	98,914
Iran	35,120	20,171
UAE	159,686	43,990
Other Regions	138,669	91,764
	1,757,000	1,322,318
Less: Allowance for Expected Credit Losses	(150,365)	(140,092)
	1,606,635	1,182,226

Liquidity risk

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

The Group's approach to managing liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. For this purpose, the Group has maintained credit lines with various commercial banks in order to meet its liquidity requirements. As at December 31, 2021, the Group has unused bank financing facilities amounting to SR 4.4 billion (December 31, 2020: SR 4.8 billion) to manage the short term and the long term liquidity requirements.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

December 31, 2021	Carrying Amount	Contractual cash flows				
		Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	More than 5 years
Non-derivative financial liabilities						
Loans and borrowings	8,461,153	2,925,130	715,549	2,040,689	1,337,015	2,021,870
Lease liabilities	3,856,998	515,402	502,956	1,086,026	872,321	2,316,123
Trade payables	2,907,854	2,907,854	–	–	–	–
Accrued and other liabilities	2,113,063	2,113,063	–	–	–	–
Unclaimed dividends	262,024	262,024	–	–	–	–
	17,601,092	8,723,473	1,218,505	3,126,715	2,209,336	4,337,993
Derivative financial liabilities						
Derivative contracts used for hedging	26,474	15,334	9,814	1,327	–	–
Put Option	164,220	–	–	166,693	–	–
Other derivative contracts not for hedging	5,761	5,761	–	–	–	–
	196,455	21,095	9,814	168,020	–	–

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

December 31, 2020	Carrying Amount	Contractual cash flows				
		Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	More than 5 years
<i>Non-derivative financial liabilities</i>						
Loans and borrowings	6,900,316	2,227,904	366,962	1,374,446	590,396	2,832,313
Lease liabilities	4,366,013	311,499	309,257	1,137,645	1,011,536	2,896,954
Trade payables	2,474,998	2,474,998	–	–	–	–
Accrued and other liabilities	2,051,407	2,051,407	–	–	–	–
Unclaimed dividends	263,853	263,853	–	–	–	–
	16,056,587	7,329,661	676,219	2,512,091	1,601,932	5,729,267

December 31, 2020	Carrying Amount	Contractual cash flows				
		Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	More than 5 years
<i>Derivative financial liabilities</i>						
Derivative contracts used for hedging	80,871	77,736	3,135	–	–	–
Put Option	190,562	–	–	197,203	–	–
Other derivative contracts not for hedging	127,239	127,239	–	–	–	–
	398,672	204,975	3,135	197,203	–	–

Fair value of assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

As the Group's financial instruments are compiled under the historical cost convention, except for FVOCI investments, FVTPL investments, inventory and firm commitments under fair value relationships, and derivative financial instruments which are carried at fair values, differences can arise between the book values and fair value estimates. Management believes that the fair values of the Group's financial assets and liabilities are not materially different from their carrying values.

The following table shows the carrying amount and fair values of the financial assets and financial liabilities, including their levels and fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying value is a reasonable approximation of fair value.

December 31, 2021	Carrying amount				Fair Value			Total
	Mandatorily at FVTPL -others	Designated at fair value	Hedging instruments	FVOCI	Level 1	Level 2	Level 3	
Financial assets measured at fair value								
Investment at fair value through profit or loss	27,069	–	–	–	812	26,257	–	27,069
Future exchange contracts used for hedging	–	–	116,905	–	–	116,905	–	116,905
Call option	–	2,493	–	–	–	–	2,493	2,493
Equity securities (Note 10)	–	–	–	475,425	–	475,425	–	475,425
	27,069	2,493	116,905	475,425	812	618,587	2,493	621,892
Financial liabilities measured at fair value								
Future exchange contracts used for hedging	–	–	26,474	–	–	26,474	–	26,474
Other future exchange contracts	–	5,761	–	–	–	5,761	–	5,761
Put option	–	164,220	–	–	–	–	164,220	164,220
	–	169,981	26,474	–	–	32,235	164,220	196,455

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December 31, 2020	Carrying amount				Fair Value			Total
	Mandatorily at FVTPL -others	Designated at fair value	Hedging instruments	FVOCI	Level 1	Level 2	Level 3	
<i>Financial assets measured at fair value</i>								
Investment at fair value through profit or loss	2,792	-	-	-	2,792	-	-	2,792
Future exchange contracts used for hedging	-	-	45,759	-	-	45,759	-	45,759
Call option	-	2,311	-	-	-	-	2,311	2,311
Equity securities (Note 10)	-	-	-	387,196	-	387,196	-	387,196
	2,792	2,311	45,759	387,196	2,792	432,955	2,311	438,058
<i>Financial liabilities measured at fair value</i>								
Future exchange contracts used for hedging	-	-	80,871	-	-	80,871	-	80,871
Other future exchange contracts	-	127,239	-	-	-	127,239	-	127,239
Put option	-	190,562	-	-	-	-	190,562	190,562
	-	317,801	80,871	-	-	208,110	190,562	398,672

Valuation technique and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair value, as well as significant unobservable input used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Equity securities	Market comparison technique. PE multiple, Price to Book value.	Price Earnings Multiples, Discount factor, Price to Book value and Price to Tangible Book Value.	Not applicable
Future contracts	Broker quotes	Not applicable	Not applicable
Call and Put Option	Black Scholes Model	Strike price Volatility of Sugar index Spot price (fair value)	Increase in fair value will decrease the Put Option and increase the Call option values. Increase in volatility index will increase the value of Put and Call options.

39. CAPITAL MANAGEMENT

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The Group also monitors capital using a leverage ratio, which is calculated as total liabilities (as shown in the statement of financial position) less cash and bank balances. Adjusted equity comprises all components of equity other than amounts accumulated in the hedging reserves.

The leverage ratio as at December 31, 2021 and December 31, 2020 is as follows:

	December 31, 2021	December 31, 2020
Total liabilities	19,454,106	17,893,830
Less: Cash and bank balances	(1,374,790)	(1,093,378)
Adjusted net liabilities	18,079,316	16,800,452
Total equity	9,091,813	9,164,554
Less: Hedging reserve	2,493	(4,019)
Adjusted equity	9,094,306	9,160,535
Adjusted net liabilities to adjusted equity ratio	1.99	1.83

40. AMENDMENTS TO STANDARDS AND STANDARDS ISSUED AND NOT YET EFFECTIVE

There are no new standards issued, however, the adoption of the following amendments to the existing standards had no significant financial impact on the consolidated financial statements of the Group on the current period or prior periods and is expected to have no significant effect in future periods:

- COVID-19 Related Rent Concessions – Amendment to IFRS 16
- Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

PRONOUNCEMENTS ISSUED AND NOT YET EFFECTIVE

The accounting standards, amendments and revisions which have been published and are mandatory for compliance for the Group's accounting year beginning on or after January 1, 2022 are listed below. The Group has opted not to early adopt these pronouncements and they do not have a significant impact on the consolidated financial statements of the Group.

- Amendments to IAS 37 - Onerous Contracts – Cost of Fulfilling a Contract;
- Annual Improvements to IFRS Standards 2018-2020;
- Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use;
- Amendments to IFRS 3 - Reference to the Conceptual Framework;
- IFRS 17 Insurance Contracts and its Amendments;
- Definition of Accounting Estimate – Amendments to IAS 8;
- Amendments to IAS 1 Classification of liabilities as current or non-current;
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2;
- Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments to IAS 12) and
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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41. IMPACT OF COVID-19

In response to the spread of COVID-19 in early 2020, the Group's management assigned a task force to proactively monitor and assess the possible impact on the Group's business in Saudi Arabia and other geographies where it operates.

The priority of the Group remains to protect the health, safety and welfare of its employees, customers and partners; as well as, to support the Government and its agencies as they work to reduce the impact of the outbreak. In this regard, the Group's management has taken a series of preventive measures to ensure the health and safety of its employees, customers and the wider community as well as to ensure the continuity of its operations.

Whilst it is challenging to predict the full extent and duration of business and economic impacts, the Group's management has considered the potential impacts of COVID-19 on the operations and based on recent Government uplift of travel and other COVID-19 restrictions, the business environment is now open and back to normal therefore, it is concluded that as of the issuance date of these consolidated financial statements, no significant changes are required to the judgements and key estimates.

The Group is continuously monitoring the evolving scenario and any change in the judgements and key estimates will be reflected as part of the operating results and cash flows of the future reporting periods.

42. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Company's Board of Directors on March 28, 2022, corresponding to Shaban 25, 1443H.

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