

SUSTAINABLY NOURISHING TOMORROW, DRIVING PURPOSEFUL GROWTH



ANNUAL
REPORT

2024

SAUDIA DAIRY & FOODSTUFF COMPANY





King Salman bin Abdulaziz Al-Saud

The Custodian of the Two Holy Mosques



His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al-Saud

Crown Prince, Prime Minister
of the Kingdom of Saudi Arabia

TABLE OF CONTENTS

01 STRATEGIC AND MANAGEMENT REVIEW

▪ Our Vision, Mission, Values & Purpose	12
▪ Message from the Chairman	14
▪ Message from the Chief Executive Officer	16
▪ Sustainably Nourishing Tomorrow, Driving Purposeful Growth	20
▪ History & Introduction	22
▪ Main Activities of the Company	22
▪ Products at a Glance	24
▪ Key Performance Indicators	26
▪ Performance of the Company	30
▪ Performance of Subsidiary Companies	32
▪ Supply Chain	34
▪ Commercial	38
▪ Human Resources	40
▪ Sustainability at SADAFCO	44

02 CORPORATE GOVERNANCE

▪ Governance at a Glance	52
▪ Corporate Governance	53
▪ Board of Directors	56
▪ Board Committees	65
▪ Executive Management	75
▪ Details of Compensation and Remuneration	80
▪ Relation Between the Paid Remuneration and Compliance	84
▪ Subsidiaries and Affiliates	85
▪ Shareholders Register Applications	85
▪ Major Shareholders Owning 5% or More and Changes During the Financial Year	86
▪ Dividends	86
▪ Annual Review of Internal Controls Effectiveness	88
▪ Related Party Transactions	88
▪ Competition Activities	90
▪ Major Decisions and Future Plans	90
▪ Buyback of Treasury Shares	90
▪ Financial Instruments Risk Management Objective and Policies	91
▪ Penalties and Sanctions	93
▪ Declarations	93

03 FINANCIAL STATEMENTS

▪ Independent Auditor's Report	1-4
▪ Consolidated Statement of Financial Position	5
▪ Consolidated Statement of Profit or Loss	6
▪ Consolidated Statement of Comprehensive Income	7
▪ Consolidated Statement of Changes in Equity	8
▪ Consolidated Statement of Cash Flows	9
▪ Notes to the Consolidated Financial Statements	10-65



Financial Performance at a Glance

REVENUE

﷼ **2,962.9** Mln

2023 ﷼ **2,779.7** Mln

Growth **6.59%**

EARNINGS PER SHARE

﷼ **15.12**

2023 ﷼ **13.07**

Growth **15.72%**

GROSS PROFIT

﷼ **1,058.6** Mln

2023 ﷼ **951.9** Mln

Growth **11.20%**

GROSS PROFIT MARGIN

35.7 %

2023 **34.2** %

Growth **1.5%**

EBITDA

﷼ **583.1** Mln

2023 ﷼ **549.7** Mln

Growth **6.2%**

EBITDA MARGIN

19.7 %

2023 **19.8** %

Growth **-0.1%**

NET PROFIT

﷼ **483.2** Mln

2023 ﷼ **414.7** Mln

Growth **16.51%**

NET PROFIT MARGIN

16.3 %

2023 **14.9** %

Growth **1.4%**

DIVIDEND PAYOUT

﷼ **15** Per Share

2023 ﷼ **12** Per Share

Growth **25.0%**

Growth figures represents corresponding 12 Months (1st January to 31st December) for accurate comparison.

Business Review

As per Nielsen, value market share on MAT basis as of Dec-24.



UHT Milk

59.6%

2023 **62.8%**



Tomato Paste

53.6%

2023 **52.9%**



Ice Cream

31.4%

2023 **31.6%**



SADAFCO ended the year with a headcount (including outsourced personnel) 2024

3,047

Key Non-Financial Metrics

38.45%

Saudi employees
in the workforce

7%

Decrease in energy
intensity

6.17%

Reduction in average
COD level in effluents

95%

Recycling rate
achieved in 2024

SADAFCO holds multiple ISO certifications



ISO 22000:2018
(for Food Safety)



ISO 22301:2019
(for Business Continuity
Management Systems)



ISO 14001:2015
(for Environment)



ISO 9001:2015
(For Legal Affairs
Management)



ISO 45000:2018
(for Occupational Health
& Safety)



ISO 37000:2021
(Implementation of the
Principles and Guidelines
of the International
Standard for Corporate
Governance)



ISO 27001
(for Information Security
Management Systems)



SADAFCO's Year at a Glance

Q1

- The General Assembly elected a new Board of Directors, effective April 1, 2024.
- Successful trial to reduce wrapper size of Baboo Ice Cream sticks for plastic reduction was conducted and will be rolled out in coming months.
- SADAFCO initiated actions on carbon neutrality, plans to transition its fleet to fuel-efficient models and targeting zero emissions by 2045.
- Smart Industry Readiness Index Institute (SIRI) recognized Dammam factory as one of the Top 10 factories for future readiness.
- SADAFCO prioritizes employee well-being with coaching sessions focusing on stress management and burnout prevention, fostering mental wellness.

Q2

- SADAFCO recognized as the preferred supplier for Ice Cream during Haj season.
- Started Ice Cream distribution in UAE.
- Recognized amongst the Top 20 rated companies in the Corporate Governance Index for the fiscal years 2021 & 2022 among Non-Financial Sector companies traded on Tadawul.
- Received an outstanding A+ rating by Saudi Food and Drug Authority (SFDA).
- SADAFCO received ISO 22301 certification for Business Continuity Management.
- As part of our social service commitment, we provided internships to national talents, with ~40% (7 of 16) being offered permanent jobs.

Q3

- SADAFCO announced 6/share interim dividend for H1 FY24.
- SADAFCO's board recommended ~2.75 Mln share buyback.
- As part of its ESG initiative, SADAFCO tested the Mercedes-Benz eActros300 in Riyadh, advancing toward a 90% clean-energy fleet by 2035.
- The strategic shift from self-operating model to a distribution model in Bahrain, Kuwait, and Qatar successfully implemented.

Q4

- SADAFCO recognized as one of the highest-ranking companies in corporate governance among non-financial companies listed on Tadawul according to the Alfaisal Corporate Governance Index assessment for Fiscal Year 2023.
- SADAFCO received ISO 37000 certification for Implementation of the principles and guidelines of the International Standard for Corporate governance.
- SADAFCO received ISO 9001 certification for Implementation of the International Standard for the Quality of Legal Affairs Management.



01

STRATEGIC AND MANAGEMENT REVIEW

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VISION

Impossible is nothing



MISSION

- Delighting consumers with delicious, nutritious, convenient & sustainable products
- Accelerating profitable growth
- Creating value for the society (environment), stakeholders and shareholder



VALUES

- | | |
|-----------|----------------|
| ▪ Trust | ▪ Lead & Learn |
| ▪ Respect | ▪ Integrity |
| ▪ Passion | ▪ Excellence |



PURPOSE

Sustainably nurture and connect generations with goodness and happiness

Message from the Chairman

“ **SADAFCO’s 2024 journey was shaped by purposeful innovation, sustainable practices, and a deep focus on meeting evolving consumer needs. Our commitment to Vision 2030 continues to guide our strategic direction.** ”

On behalf of the Board of Directors of Saudia Dairy & Foodstuff Company (SADAFCO), I am honored to present the Annual Report for the year ending December 31, 2024. This report provides a comprehensive overview of our performance, key achievements, strategic direction, and the Auditor’s Report, reflecting our unwavering commitment to innovation, sustainability, and excellence in alignment with Saudi Arabia’s Vision 2030.

Innovation remains a key pillar of our growth strategy. We firmly believe that the introduction of new and innovative products will drive demand, meet evolving consumer preferences, and reinforce our position as an industry leader. Our approach is guided by a deep understanding of our consumers’ needs and a commitment to exceeding their expectations.

In 2024, SADAFCO delivered remarkable results, achieving a sales of **ﷲ 2.9 Bln** and a net profit of **ﷲ 483 Mln**. Our Earnings Per Share (EPS) reached **ﷲ 15.12**, highlighting our strong financial performance and dedication to creating value for our shareholders.

Our focus on creating long-term shareholder value ensures that every initiative, investment, and decision aligns with our commitment to delivering positive returns.

Saudi Arabia’s economic outlook remains positive, with strategic investments in clean energy and economic diversification paving the way for a resilient economy. The tourism sector’s growth, exceeding 100 Mln visitors and targeting 150 Mln by 2030, presents valuable opportunities for local businesses, including SADAFCO. With the rise in tourism, demand for our products is set to grow, further strengthening SADAFCO’s market position.

We are proud to support Saudi Arabia’s environmental initiatives, such as the Middle East Green Initiative and Saudi Green Initiative, which are vital for addressing desertification and land degradation. Our commitment to sustainability is also reflected in our operational practices.

We deeply appreciate the visionary leadership of Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud and HRH Crown Prince Mohammed bin Salman. Their resolute commitment to Vision 2030 is driving Saudi Arabia’s evolution into a progressive and innovative nation, steering the Kingdom towards a future that is both vibrant and inclusive.

I would like to express my profound gratitude to our esteemed Board, shareholders and dedicated employees for their steadfast support. Your invaluable contributions and encouragement have been instrumental in our achievements and continue to inspire our journey.

As we look to the future, our optimism remains strong. We are dedicated to delivering exceptional value to our stakeholders.

Sincerely,

Sheikh Hamad Sabah Al Ahmad Al Sabah
Chairman Board of Directors

Message from the Chief Executive Officer



6.6%

Revenue increased

16.5%

Net Profit increased

“ Amidst a volatile external landscape, SADAFCO prioritized evolving consumer needs, optimized its international operations, and made strategic investments in sustainability, delivering on its promise of profitable and responsible growth for its stakeholders.

I am proud to share highlights of another year of strong financial performance achieved by SADAFCO in an eventful year where we were impacted by various headwinds (Red Sea crisis, inflationary trends on utilities (e.g. diesel), shipping costs etc.), which we were able to manage and succeed. 2024 marked our first full year of financial reporting after shifting to a December year-end. Our revenue grew 6.6%, and net profit surged by 16.5%, a testament to our disciplined execution, operational excellence, and focus on profitable growth. Our Earnings Per Share (EPS) for the 2024 is ₪ 15.12 with a dividend payout of ₪ 15 per share, evidence of our robust financial health and confirming our commitment of delivering value to our shareholders.

When I was entrusted with the leadership of SADAFCO, amongst other things, I initiated a CULTURAL change journey, which I can now with pride confirm that we have made significant strides in the right direction. Today SADAFCO at all levels is ready for all challenges, is resilient and based on its rich legacy is ready for the future, mainly shifting market dynamics and constant recognition and adaption to consumer needs. The cultural change required adherence to SADAFCO'S TRIPLE values – Trust, Respect, Integrity, Passion, Lead & Learn and Excellence. With these values now ingrained in our business ethos we continue to grow.

As a result of sustained efforts and implementation of our multiple strategic initiatives which have come to fruition, resulting in functional excellence, I am delighted to share that our market share remain strong across all key segments: UHT milk at 59.6%, Tomato Paste at 53.6%, and Ice Cream at 31.4%. This robust performance is attributed to investments and prudent decision making in sales, distribution, marketing, production and sourcing of key raw materials.

As mentioned earlier we were impacted by factors some of which were beyond our direct control and others industry specific, which we were able to manage and still deliver growth and profitability.

The geopolitical crisis in the region significantly impacted transportation costs, requiring strategic adjustments like maintaining substantially higher inventory levels to avoid business interruption. Diesel price hike also increased costs which we did not pass on to the consumer thereby impacting margins.

Milk in general and UHT in particular were adversely impacted by price reductions and high discounts offered by all major players. Additionally, changing consumer spending trends in favour of smaller shopping basket size also contributed to lower demand hence triggering larger discounts by competition. Despite this, we remain committed to leveraging SAUDIA's strong brand equity to win market share profitably.

In the culinary category which includes Tomato Paste, Ketchup and Mezete range of Hummus, Tahina etc. performed strongly and we successfully gained market share, despite the competitive environment.

Meanwhile, our Ice Cream segment successfully maintained its market share position despite the ongoing challenges in the market, although it continues to thrive through innovation, freezer deployment and product improvement. We are cognizant of the huge opportunity this category offers as the entertainment and tourism sector flourishes in the Kingdom.

Restructuring of our Poland's business is complete with the merger of the three separate entities into one called Mlekoma. This would save substantial operational and administrative costs and improve profitability further. Mlekoma's sales have grown significantly.

Sustainability continues to be a cornerstone of our strategy. In 2024, we achieved significant progress across key sustainability initiatives:

- **Water Conservation:** We reduced our Water Consumption Ratio by 14.5% during the year. We aim to save 6 Bln liters by 2035 in Saudi Arabia's milk production.
- **Electric Fleet:** By 2035, we aim for 90% of our fleet to run on clean energy. Currently, we have two electrical trucks (one frozen, one ambient) in a testing phase, and we are actively assessing additional models to gain deeper insights and expand our sustainable fleet.
- **Alternate Fuels:** We are integrating clean hydrogen into our decarbonization roadmap and testing e-trucks and e-power cooling units, aiming to decarbonize our fleet by 2045.
- **Recycling Efforts:** We have achieved 95% of recycling rate during the year, thanks to improved practices and partnerships. We are also exploring a wastewater treatment plant to treat wastewater and reuse in agricultural irrigation.
- **ESG Policies and Sustainability Report:** We have introduced comprehensive ESG policies on our website, covering areas such as Diversity, Equity, and Inclusion. Our Sustainability Report further reinforces our dedication to responsible business practices.
- **Corporate Governance:** Good governance remains a cornerstone of our business by adoption of best practices and strict adherence of all regulatory requirements.

As CEO of SADAFCO, it gives me immense pleasure to be named Sustainable Leader by Forbes Middle East, highlighting our ongoing environmental efforts.

Looking ahead, we remain focused on expanding high-potential growth categories of snacks via our Crispy brand and are confident that it is the next key segment of business. Several initiatives have already been implemented in addition to host of others in the pipeline. Our focus also remains in establishing ourselves as a strong player in HORECA (Hotels,

Restaurants, and Catering), E-commerce, and exports. These channels align with changing consumer behaviors and represent significant opportunities for long-term growth.

Our market expansion strategy has been successful, with notable developments such as our strategy of optimizing our international business by shifting to a distributor model in Kuwait, Bahrain, and Qatar. We are confident this will result in growth and cost savings. We have invested in opening of new depots in Jazan. In addition we have invested in a land in Riyadh to build a new depot to cater to growing needs of Kingdom's biggest city and achieve operational efficiency.

I share with you a few of the accolades and recognitions we achieved during the year. We are proud to be recognized as the preferred supplier for Ice Cream during the Haj season, ranked among the Top 20 companies in the Corporate Governance Index. Our new Ice Cream launches received recognition as breakthrough innovations in Saudi Arabia's FMCG market by Nielsen. We also earned an A+ rating from the Saudi Food and Drug Authority.

We are proud to announce that the "SAUDIA" brand has been ranked 16th among the Most Valuable Saudi brands in 2024 according to the Kantar report.

As we close the year and set our sights on the future, I am filled with optimism about the possibilities that lie ahead whilst being aware of the challenges. Our focus remains on achieving steady profitable growth, invest in strengthening SAUDIA brand and delivering long-term value to our shareholders. Guided by our commitment to innovation and excellence, we are well-positioned to seize the opportunities.

In alignment with Saudi Vision 2030, SADAFCO remains steadfast in boosting local production, promoting sustainability, supporting the national economy, and enhancing food security. These pillars are central to driving long-term growth while maintaining our competitive edge.

The Management Team thank our esteemed Board of Directors, colleagues, our loyal consumers and all our business partners for helping SADAFCO make 2024 a best ever year.

Patrick Stillhart
Chief Executive Officer



Sustainably Nourishing Tomorrow, Driving Purposeful Growth

In 2024, SADAFCO transformed vision into reality, delivering a year of purposeful growth and sustainable impact. Our sales and profit hit record highs, with sales reaching ₪2.96 Bln and net profit surging 16.5% to ₪483 Mln.

Sustainability remains at the heart of our operations, with a 95% waste recycling rate already in place and a clear path toward achieving a 90% clean-energy fleet by 2035. Dedicated to making a meaningful impact, we actively support charitable initiatives, blood donation drives, and programs for disability and mental health awareness.

Prioritizing consumer well-being, we continue to innovate by reducing sugar and sodium levels in our products. Our Lemon Mint & Pomegranate Ice Sticks earned NielsenIQ's Breakthrough Innovation recognition, reflecting our commitment to excellence. Strengthening our leadership in quality and compliance, SADAFCO proudly received an outstanding A+ rating from the Saudi Food and Drug Authority (SFDA).

Striking a balance between growth and shareholder value, we delivered our highest-ever dividend payout of ₪15 per share in 2024. Despite this record payout of close to 100%, the company maintains a strong financial position, holding a cash reserve of ₪690 Mln. By embedding sustainability, innovation, and social responsibility into everything we do, SADAFCO is shaping a healthier, more sustainable future.





History & Introduction

Saudia Dairy and Foodstuff Company (SADFACO) story began on 21st April 1976 and commenced production of Saudia Milk. Subsequently the European partners sold their shares to Saudi and Kuwaiti shareholders and in 1990 the three dairy companies merged into one to officially form SADFACO.

An initial public offering (IPO) on 23rd May 2005 led to the Company's listing on the Saudi Arabian Stock Exchange, Tadawul.

From producing Long Life Milk initially, the Company has diversified its product portfolio offering various food and beverage items.

During this period, SADFACO has maintained its position as a market leader in Long Life Milk, Tomato Paste and Ice Cream categories in Saudi Arabia.

Main Activities of the Company

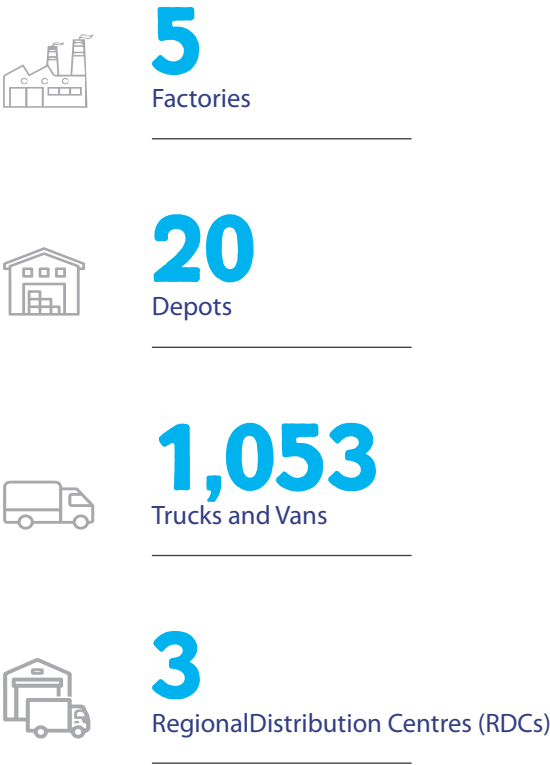
SADFACO is a leading, world-class, Saudi Arabia-based company whose activities include local production, importation, distribution and marketing of a wide range of food and beverage products. The portfolio includes Dairy Products, Ice Cream, Tomato Paste, Snacks, Drinks and other foodstuff items.

SADFACO currently offers around 161 Stock Keeping Units (SKU) with its core products being marketed under its flagship Saudia brand. Other trademarks in the portfolio include Crispy, Baboo, Majestique, Sensations, More and UFO.

The Company operates five factories (two in Jeddah, one in Dammam and two in Poland). All these factories

have the highest safety, quality and environmental standards and are also Halal certified. It has an established sales and distribution network, with three Regional Distribution Centers (RDCs) in Riyadh, Jeddah and Dammam and 20 depots across Saudi Arabia and Jordan. The Company operates a fleet of 1,053 trucks and vans for its primary and secondary distribution network.

SADFACO's products are also sold to selected Middle Eastern and North African markets such as Libya, Yemen, Mauritania, Iraq, Djibouti, Somalia, Sudan, Côte d'Ivoire, Guinea, UAE, Oman, Canada, Syria and Palestine along with USA and Brunei through the Company's export function.



Products at a Glance

Dairy



SADAFCO's Milk category encompasses a diverse range of products, including Whole Milk, Low-Fat Milk, Skimmed Milk, Gold Milk, 100% Natural color & flavored kids' milk, adults Flavored Milk, Evaporated Milk (EVAP), Follow-Up Milk, and Instant Milk Powder. This is in addition to plant-based milk.

SADAFCO began its journey in 1977 with the production of UHT (Ultra-High Temperature pasteurized) milk. Today, all products in this category are proudly marketed under the flagship "SAUDIA" brand.

Cheese



SADAFCO launched cheese product line in 1991. Its range of products includes Feta Cheese, Feta Tubs and Triangles. The company is a leading domestic producer of bulk feta cheese sub-segment. These products are marketed under the "SAUDIA" brand.

Culinary products include Tomato Paste, Tomato Ketchup and new innovations such as Tahini Sauce, and many more that will help SADAFCO to become a culinary powerhouse.

SADAFCO was the first company in Saudi Arabia to launch Tomato Paste in Tetra Pak in 1989 which all are marketed under the "SAUDIA" brand.

Culinary



SADAFCO entered the snacks market in 1995, by acquiring Sara Snacks factory. The Snacks range consists of two well-known formats: Crispy Rings and Letters, each of these are offered in individual and family size.

Snacks



Ice Cream



Ice Cream product line was launched in 1979. Over the years, SADAFCO has launched a variety of new products to establish itself and increase sales in this segment. Ice Creams are available in tubs, cones, push-ups, sandwich, cups, bars and sticks. These products are marketed under 'SAUDIA', 'BABOO' and 'SENSATIONS' brands.

Others



SADAFCO also offers range of other products including, French Fries, Mayonnaise, Hot Sauce, etc. Most of these products are sold under 'SAUDIA' brand. SADAFCO launched 'SAUDIA by Mezete' range expanding its culinary division. New products included in this category are expected to contribute to the growth of the company with the company having plans to widen its product portfolio through constant product innovation.

Key Performance Indicators

In 2023, SADAFCO changed its Financial Year from March end to December end, consequently its 2023 results were for nine months only (from Apr'23-Dec'23).

Sales during the year 2024 is ₪ 2,962.88 Mln versus ₪ 2,111.48 Mln for the nine months of last year representing a 40.32% increase due to strong performance in all categories and channels which resulted in maintaining our dominant market shares in all major categories.

Market share of main products was maintained: UHT Plain Milk 59.6%, Tomato Paste 53.6% and Ice cream at 31.4%.

Net profit of ₪ 483.16 Mln is higher by 48.67% versus ₪ 324.98 Mln reported for nine months of last year.

In percentage terms net profit is 16.31% of net sales versus 15.39% in the nine months of last year.



This healthy performance is attributed to:



GROSS MARGIN

Gross margin of 35.73% was maintained vs 35.55 % for last reported period driven by healthy sales mix, prudent trade expense management, healthy channel mix and efficiencies achieved in operations.



SELLING & DISTRIBUTION EXPENSES

Selling & distribution expenses are 16.33% of net sales versus 14.42% last reported period, due to significant spending on advertising & sales promotion for further strengthening of SAUDIA brand. This is in line with Company's focus on countering market challenges and maintaining its leading market position and establishing the Brand in new categories.



GENERAL & ADMINISTRATIVE EXPENSES

General & administrative expenses are 3.77% of net sales versus 4.33% in nine months of last year, decrease is due to expense controls across all functions.



FINANCIAL INCOME

Financial income increased by ₪ 16.98 Mln derived from investments in Murabaha and Sukuk's and gain of ₪ 8 Mln from capital restructuring of Polish operations following the merger.



FINANCE COSTS

Finance costs decreased by ₪ 12.02 Mln vs last reported period which included an exceptional expense arising from exercise of put option by minority shareholders of Mlekoma.



With strategic intent, we are investing in brand building to strengthen our leadership position across both existing and new categories, while continuing to drive innovation through the launch of several new SKUs.

Our focus on new channels is delivering strong and positive results.

Poland operations are profitable and delivering exceptional revenue growth. Effective 31st December 2024, the three separate legal entities in Poland have merged into one called Mlekoma. This restructuring would generate cost reductions and efficiency.

Our strong working capital management has enabled investment in new launches, consumer awareness campaigns and substantial capital deployment for strategic growth and maintaining optimum inventory levels.

The cash position of ₪ 690 Mln remains strong.

Shareholders' equity is ₪ 1.807 Bln vs last year ₪ 1.902 Bln, due to dividends payouts.

Business Results Comparison (₹ Mn)

Details	FY2024***	FY2023***	SFY2023**	FY2022-23*	FY2021-22*	FY2020-21*	FY2019-20*
Revenue	2,963	2,780	2,111	2,648	2,170	2,105	2,056
Cost of Revenue	-1,904	-1,828	-1,361	-1,825	-1,513	-1,411	-1,367
Gross Profit	1,059	952	751	823	657	694	689
Net Profit	483	415	325	310	209	261	265

* Financial Years from 1st April to 31st March: 12 Months period (before changing the fiscal year and adopting the Fair Value Model).

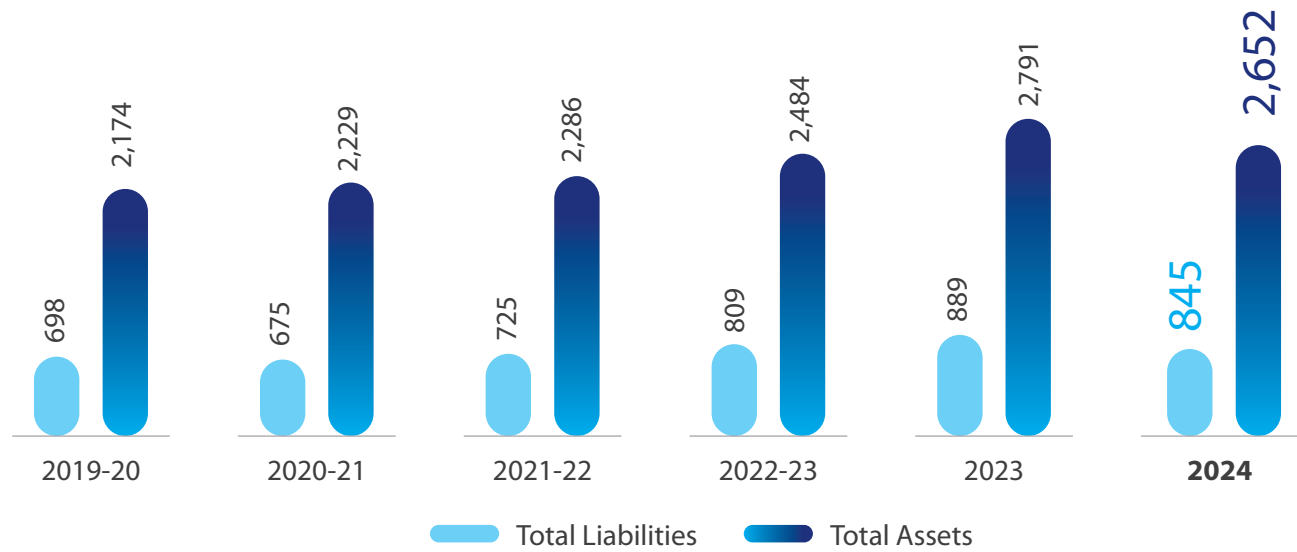
** Short 2023 Financial Year: 9 Months from 1st April to 31st December 2023.

*** Figures for corresponding 12 Months (1st January to 31st December) for accurate comparison.

Assets & Liabilities Comparison (₹ Mn)

Details	FY2024	FY2023	FY2022-23	FY2021-22	FY2020-21	FY2019-20
Current Assets	1,509	1,782	1,436	1,262	1,278	1,273
Non-current Assets	1,143	1,009	1,048	1,024	951	901
Total Assets	2,652	2,791	2,484	2,286	2,229	2,174
Current Liabilities	643	685	617	517	474	498
Non-current Liabilities	202	205	192	208	201	200
Total Liabilities	845	889	809	725	675	698

Total Assets and Total Liabilities



Operational Results and Major Changes (₹ Mn)

Details	2024**	2023**	Changes (+) or (-)	% of Changes	FY2022-23*
Revenue	2,963	2,780	183	6.6%	2,648
Cost of Revenue	-1,904	-1,828	-76	4.2%	-1,825
Gross Profit	1,059	952	107	11.2%	823
Operational Expenses	-591	-522	-69	-13.2%	-452
Operational Profit	468	430	38	8.8%	371

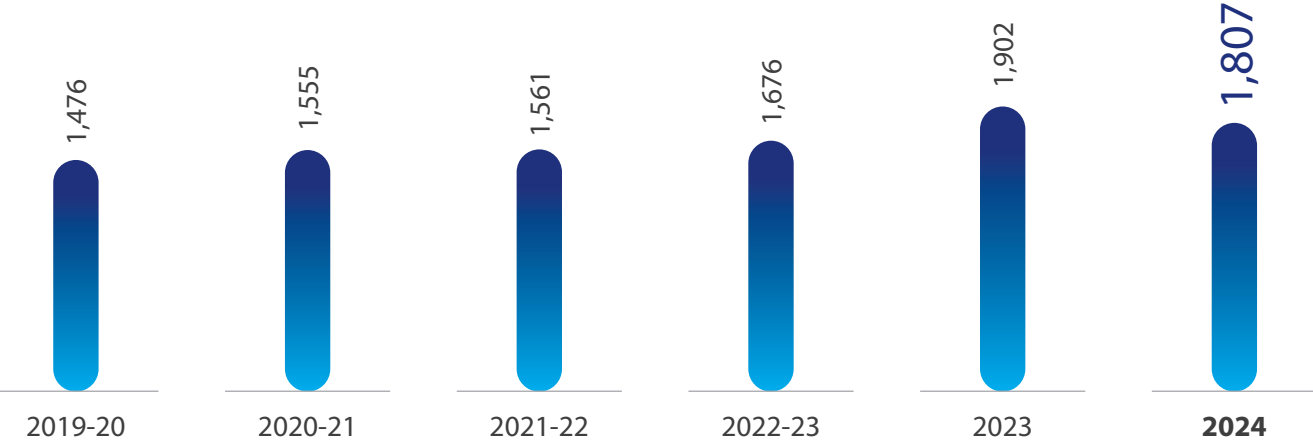
* Financial Year from 1st April to 31st March: 12 Months period (before changing the fiscal year and adopting the Fair Value Model).

** Figures for corresponding 12 Months (1st January to 31st December) for accurate comparison.

Statutory Payments during the fiscal year ended on 31st December 2024 (₹ thousand)

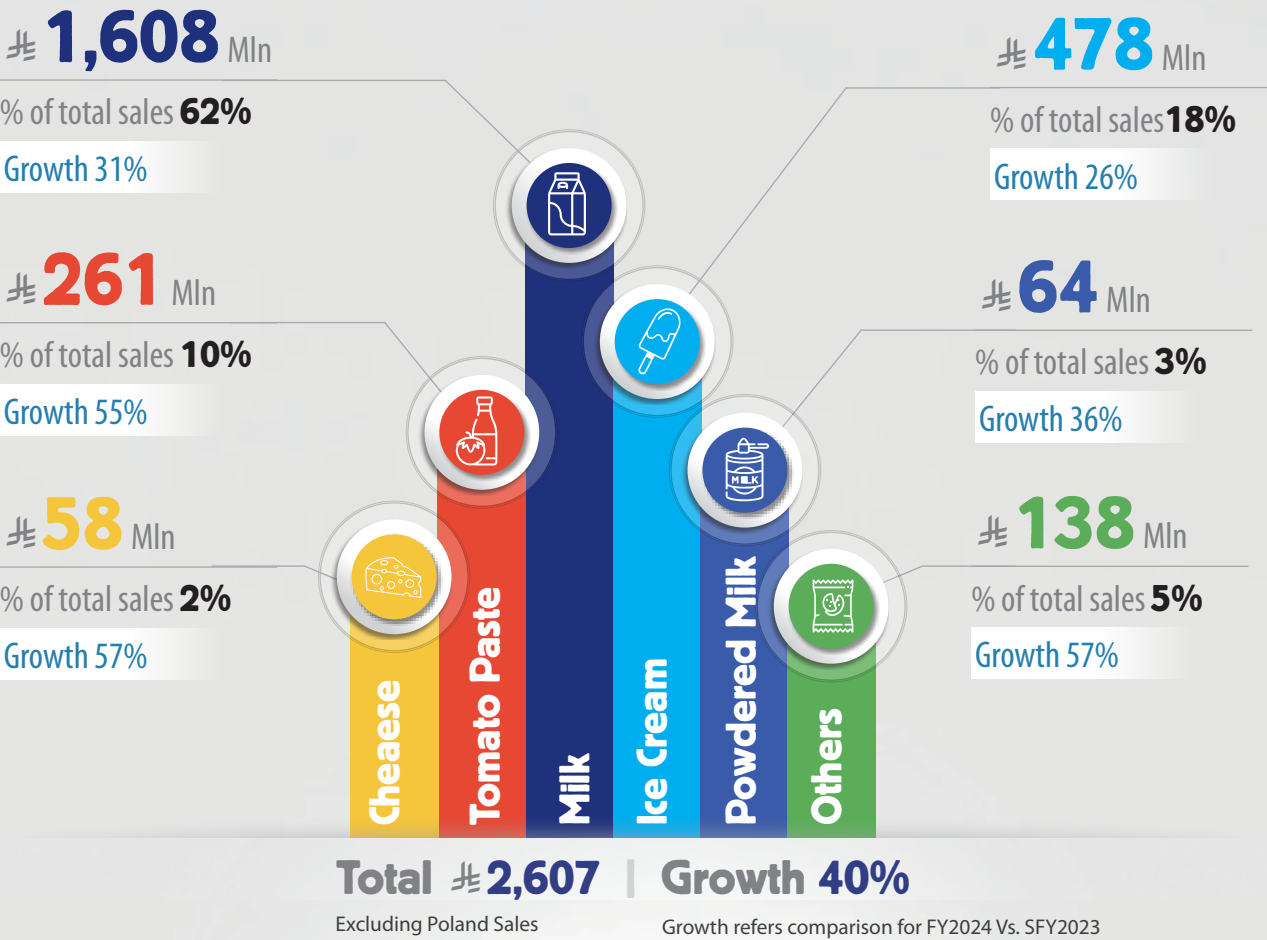
Details	Description	Due	Paid	Balance
1	Customs	43,510	43,510	-
2	Zakat	24,600	24,600	-
3	GOSI	20,205	20,205	-
4	Tadawul Contract	681	681	-
5	Government Fees & Visas	19,915	19,915	-
6	Value Added Tax + Excise Duty + Withholding Tax	256,088	256,088	-
	Total	364,999	364,999	-

Change in Total Shareholders' Equity



Performance of the Company

Business Results Comparison



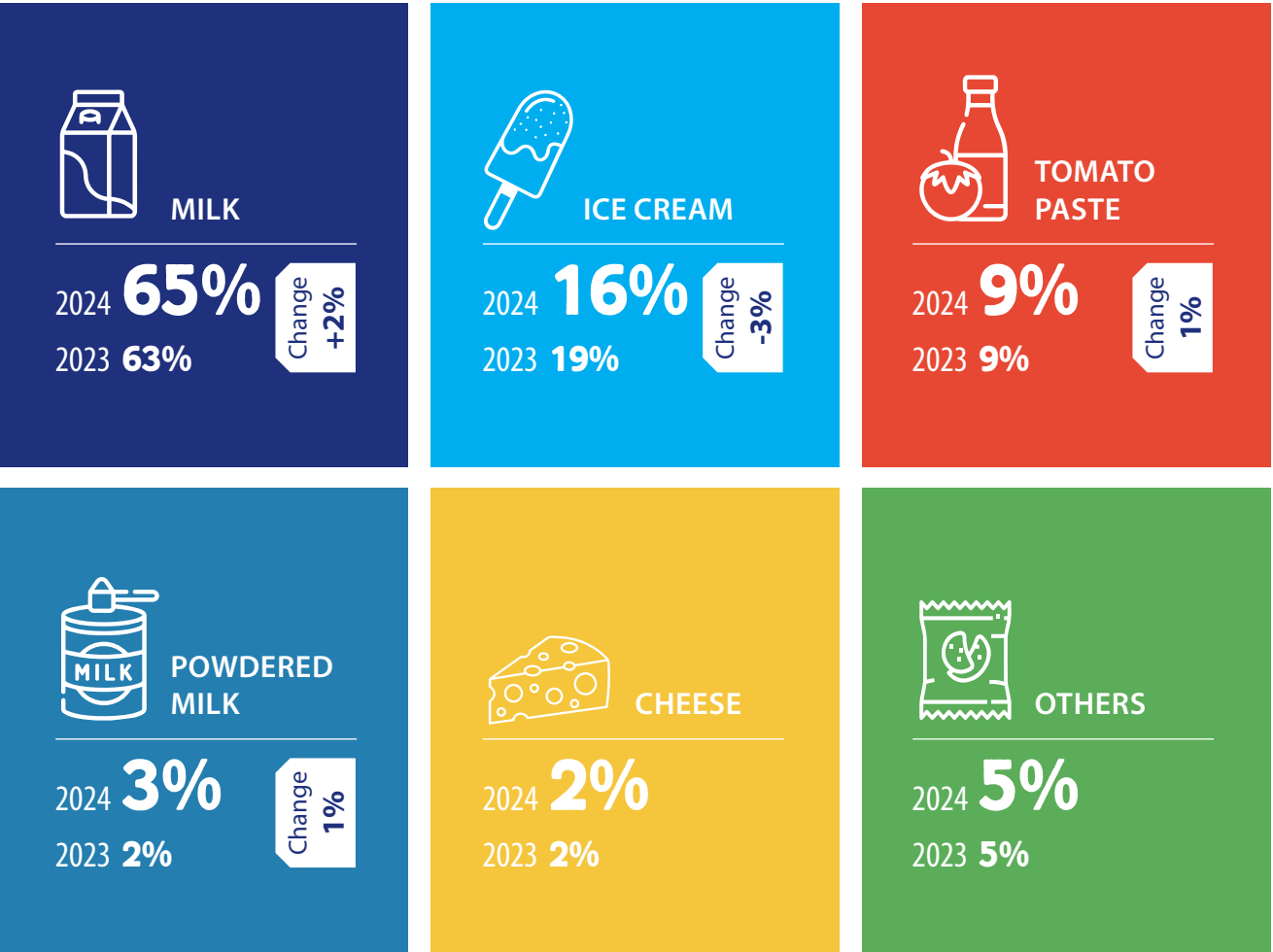
Business Results Comparison

Revenue Geographical Analysis for the Company and its Subsidiaries (Mln)

Financial Year	KSA	GCC	Other Countries	Poland	Total Revenue
FY2024***	2,328	80	199	356	2,963
FY2023***	2,338	78	146	218	2,780
SFY2023**	1,773	60	113	165	2,111
FY 2022-23*	2,194	64	114	276	2,648
FY 2021-22*	1,786	56	79	249	2,170
FY 2020-21*	1,811	64	71	159	2,105
FY 2019-20*	1,752	58	48	198	2,056

* Financial Years from 1st April to 31st March: 12 Months period (before changing the fiscal year and adopting the Fair Value Model).
** Short 2023 Financial Year: 9 Months from 1st April to 31st December 2023.
*** Figures for corresponding 12 Months (1st January to 31st December) for accurate comparison.

Sales Contribution by Product Category*

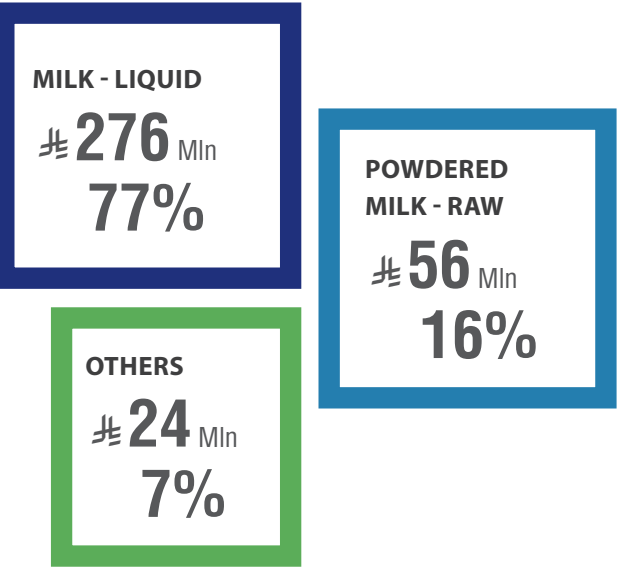


Figures for corresponding 12 Months (1st January to 31st December) for accurate comparison.

Performance of Subsidiary Companies

The main activities of SADAFCO’s subsidiaries in Kuwait, Bahrain, Jordan and Qatar (under-liquidation) are selling and distributing SADAFCO products in these countries. The subsidiary in Poland is manufacturing and distributing dairy raw materials in Europe and MENA.

SADAFCO POLAND



SADAFCO SUBSIDIARY COMPANIES' REVENUE (Including SADAFCO Poland)

	(Mln)	
MILK - LIQUID	70%	355
POWDERED MILK - RAW	11%	56
ICE CREAM	3%	16
TOMATO PASTE	5%	23
CHEESE	4%	21
POWDERED MILK	3%	9
OTHERS	6%	29
Total	100%	509

Exclude export sales

Revenue Geographical Analysis for Subsidiaries, Includes Export Sales (Mln)

Financial Year	GCC	Other Countries	Poland	Total Revenue
FY2024***	80	199	356	635
FY2023***	78	146	218	442
SFY2023**	60	113	165	338
FY 2022-23*	64	114	276	454
FY 2021-22*	56	79	249	384
FY 2020-21*	64	71	159	294
FY 2019-20*	58	48	198	304

* Financial Years from 1st April to 31st March: 12 Months period (before changing the fiscal year and adopting the Fair Value Model).
** Short 2023 Financial Year: 9 Months from 1st April to 31st December 2023.
*** Figures for corresponding 12 Months (1st January to 31st December) for accurate comparison.

Sales for SADAFCO and Subsidiaries by Location

Country	2024*		2023*	
	Sales	(%)	Sales	(%)
1 Saudi Arabia	2,328	78.6%	2,338	84.1%
2 Poland	356	12.0%	218	7.9%
3 Jordan	73	2.4%	64	2.3%
4 Bahrain	46	1.6%	52	1.9%
5 Kuwait	33	1.1%	26	0.9%
6 Qatar	-	0.0%	-	0.0%
7 Export	127	4.3%	82	2.9%
Total	2,963	100	2,780	100

* Figures for corresponding 12 Months (1st January to 31st December) for accurate comparison.



Supply Chain

“SADAFCO’s Supply Chain proved its resilience in 2024, overcoming external disruptions through proactive planning, digital integration, and operational agility. Strategic enhancements across logistics, sourcing, and warehousing supported innovation rollouts and ensured seamless service continuity across markets.

Despite a bumpy start in 2024 due to the Red Sea crisis our Supply Chain and contingencies have been extremely effective. With an overall service level of 99% we have managed to deliver our customer’s demand. To mitigate supply risks, we have immediately decided to increase inventory levels of our main raw materials, ingredients and packaging materials. In parallel several significant improvements have been materialized in the SADAFCO Supply Chain. To meet our growing demand, the supply chain network and factory efficiencies have improved whilst launching an impressive number of new products and innovations. Our clear focus and prioritization on Safety, Environment, Quality, Service and Efficiency did result in a strong contribution towards the SADAFCO top and bottom-line growth.



17,255

Training hours for Supply Chain

SAFETY, HEALTH & ENVIRONMENT

During 2024 we did improve our Safety awareness and leadership. The Slogan “Safety starts with me” has been put into practice across the entire SADAFCO company and locations. Compared to 2023 our work environment did improve further and the number of Lost-Time Incidents in our organisation did reduce by 30 % in 2024 compared to 2023. Our belief that every accident can be prevented puts a lot of attention on increasing the overall safety training hours (doubled compared to 2023) and reporting of near-misses.

The recycle rate of our factories did steadily run above target at a level of 95%. The installed collection system and segregation of the different sources of waste (e.g. paper, plastic, etc) did contribute to reduce our environmental footprint. Our certificates and licenses ISO 14001:2015 (Environment) and ISO 45000:2018 (Occupational Health & Safety) have successfully been extended.

QUALITY

In the summer period of 2024, our three factories in KSA have been evaluated by the SFDA and rated with an outstanding A+ score. Our certificates and licenses for ISO 22000:2018 (Food Safety), Halal and Organic have been extended as well. The related audits in our factories and warehouses have been successfully passed and the few remarks for improvement are implemented. Via the Social Media Channels, our website and new telephone numbers the accessibility for consumers and customers to provide feedback has been significantly improved versus previous years. This resulted in a valuable number of complaints and a lot of positive remarks regarding our products and quality level. Thanks to our solid quality systems and high level of quality awareness across all our employees, no major quality incidents or recalls occurred during 2024.

PLANNING

A new End-to-End Planning process and software tool has been fully materialised in 2024. All modules are fully live and operational now. By using more advanced methods for statistical sales forecasting the main input for the monthly S&OP process has improved further. Next to the S&OP process this software tool



does also support the Production and Distribution Planners to optimize their decision making and secures proper service levels to the market whilst lowering the overall cost and inventory levels. All our factories did meet their ambitious targets on delivering the required weekly plannings and outputs. Despite several challenges and thanks to a solid collaboration across the End-to-End Supply Chain we have been able to further improve our Service Level towards 99.0%.

PROCUREMENT

The Red Sea shipping crisis did lead to immediate and appropriate action for the procurement team and our suppliers. Most of our main supply via sea has been rerouted from Jeddah port to Dammam. The related delays and longer lead times have been mitigated by additional supply and stock coverage on hand in KSA. These actions and the tremendous support from our suppliers and employees have secured our factories to run according to plan and deliver our finished goods products to the market without any noticeable disturbance in on-shelf availability. In this kind of circumstances our recently implemented dual sourcing strategy on for example packaging did contribute to the supply security as well. In parallel a significant amount of savings has been generated on Raw Materials, Packaging Materials, Ingredients and Services. The global economy and commodity markets like Milk powder, AMF and Cocoa remained to be bullish and thanks to our long, mid-term and short-term buying strategy we did capture the required quantities at the right moment whilst materializing competitive advantages. On Indirect Materials and Services, we did further embark on a more centralized procurement approach and governance. This more professional and centralized approach on purchasing of for example transportation, maintenance, capex, outsourced labour and many other services did significantly contribute to the overall procurement related savings (estimated at 90 Mln). Last but not least the procurement team contributed to an impressive number of new products and innovations launched during 2024.

MANUFACTURING

Our SADAFCO factories performed very well in 2024 and did produce all required products needed to supply our markets according to our high-quality standards. All main KPIs (e.g. OEE, output per manhour, waste percentages, water usage, etc) did show another step-up and improvement in 2024 versus the previous

year 2023. To establish cutting-edge digital technology within our three factories in Saudi Arabia we signed a partnership with Siemens and started the design and engineering phase of our digital factory project. This strategic collaboration will accelerate our digital transformation, streamline operations, and maximize asset performance whilst reinforcing our commitment to manufacturing excellence and sustainability. By leveraging the latest technology, we aim to set a new standard for efficient, sustainable, and innovative manufacturing in the Kingdom.

Below a short summary of the highlights per factory.

Jeddah Milk Factory

The milk factory did solidly deliver the requested output, improved the OEE whilst reducing the water consumption significantly by 0.24 Liter of water used per Liter of product produced versus 2023. During 2024 a new UHT line has been installed in our processing area to secure and increase our output of high quality milk products. To meet our growing export market demand, the capacity of our 125 ml lines has been increased by converting an idle line to this format.

Ice Cream Factory

Continuous Improvement is clearly visible in every Ice Cream factory leader and employee. By applying World Class Manufacturing methodologies, the factory made



another big step forward during 2024. For several lines the output per hour improved significantly which was highly needed to meet the strong growth of our Ice Cream demand. In 2024 a new and fully automated Sandwich line has been installed and commissioned. This high-speed line will support SADAFCO to meet our future demand of this iconic Ice Cream in an even more efficient manner.

Dammam Factory

Our Tomato Paste, Snacks and Feta cheese factory in Dammam did perform very well in 2024. The factory has a new and fully watertight roof to protect our lines and equipment better during rainfall. In the snacks area a new and automated auto-bagger has been installed. This auto-bagger will fully automatically fill our single portion 18 gr packs into our Crispy multibags. Together with several other efficiency and ergonomic improvements this auto-bagger will help to make the Dammam factory a more labour efficient and even greater place to work.

Poland

Our spray drying facility in Poland did run with a high utilization during 2024 and contributed big time to the supply security of high-quality Skimmed Milk Powder needed for our Jeddah Milk Factory. The team in Poland did utmost run this factory in a sustainable way and to maintain our solid relationship with the Polish farmers that supply the raw milk to us. The energy consumption

and related costs for drying the milk powder has significantly improved during 2024 versus the previous year.

Logistics & Warehousing

During 2024 two new depots (Yanbu and Najran) have been constructed to further strengthen our distribution network and requirements to meet the market demand. These warehouses meet our latest design criteria and have increased storage and loading capacities compared to current and old locations that will be closed. To deal with the additional needs for storage (mainly Red Sea crises related raw materials) the warehouse capacities across our own network have been leveraged and where needed external storage space has been added. The transportation fleet rectification process is fully finalized in such a way that all our vehicles are compliant to the latest legislation in the Kingdom. Together with the realized improvements in our IT system that do facilitate a fully automated submission of electronic waybill we prevent any future fines or non-compliance. Our fleet has been partly renewed by new and more fuel-efficient trucks that will help to off-set the strong and steep price increases in our diesel prices. Thanks to training programs for our drivers and these new vehicles the fuel efficiency ratio (L/ km) improved by 10% compared to 2023. The electrical truck that is servicing several outlets in Riyadh provides very promising results and will drive additional and future investments in EV's.



Commercial

“ With a consumer-first mindset, we sustained leadership in UHT milk, expanded in flavored offerings, and delivered record equity for Ice Cream through bold innovation, engaging campaigns, and retail visibility initiatives.

AMBIENT

The Long-Life milk category continues to grow as a category, both in plain and even more in flavored milk. 2024 was marked by a strongly increased competitive pressure with several competitors increasing investment in promotions (especially in family packs in plain milk). Thanks to increased investment in media & visibility, Saudia remains a very strong number 1 in UHT milk. Especially in flavored milk Saudia continues to take share driven by a mix of innovation and strong visibility support (instore and out of store) Saudia Tomato Paste had another strong year with a growing market share in a growing category despite increasing competition with smaller (cheap) brands entering the category. Despite the increased competitive environment, Saudia continues to grow its share thanks to increased investment in media and a strong Ramadan season.

FROZEN

Frozen continued strong growth with another year of double-digit growth for Ice cream and holding its market share amidst stiff competition at the top and bottom end of the market. The challenge from new competitors entering Ice cream together with moves of existing competitors were countered with consumer and customer centricity. We launched 10 new products across all formats and became first company in Saudi to launch Frozen Greek Yogurt Ice Cream in retail. We also initiated consumer led marketing programs including launch of Baboo cartoon series with Space toon and Sandwich equity campaign both of which led to ever highest brand equity and awareness scores. The year also saw us expand our coverage with +2,000 freezer deployment and first ever in Saudi double deckers freezers deployment in modern trade.

French fries experienced another moderate year owing to supply shortages despite us launching new product segments including wedges and croquettes.



Increase in Numeric Distribution across categories both within and outside KSA

Commitment in the Channels of the Future through investments in E-commerce and Discounters

Started Exports in 4 New Countries

Sharper Channel Prioritization in the second half of the year

Operational Discipline through driving key Sales Fundamentals (Productivity, Drop-Size, Collections, Lines/Call)

Better Share of Shelf and Visibility with the intervention of Secondary Displays across ambient categories and Innovative Freezers in Ice Cream

COMMERCIAL OPERATIONS

Commercial Operations continued to drive expansion and efficiency across the function

Human Resources

“ In 2024, SADAFCO elevated employee development, wellbeing, and engagement while accelerating digital transformation across HR processes.

At SADAFCO, our Human Resources strategy is deeply aligned with our overarching theme of "Sustainably Nourishing Tomorrow, Driving Purposeful Growth." In 2024, we continued to prioritize the development, engagement, and wellbeing of our employees, recognizing that our people are the cornerstone of our success. Through targeted initiatives in talent development, rewards, health and wellbeing, and digital transformation, we have made significant strides in fostering a workplace that is inclusive, innovative, and future-ready.

DEVELOPMENT

During last year, our People Experience department facilitated learning through various platforms. Various face-to-face training sessions were initiated in addition to online training and on the job training. Where they delivered more than 22,500 hours.



COMMERCIAL ACADEMY

The academy has been extended beyond Sales “Sales Academy” to become Commercial Academy.

The Academy started with talent and competencies assessment. Now, as it covered all people with the assessment, it activated various training programs for the commercial team. As part of continuous improvement, an individualized development plan was created for each employee.

EMPLOYEE HEALTH & WELLBEING

SADAFCO believes a healthy employee is a happy productive employee. We value our people's wellbeing which include psychological, physical, social, and financial aspects. For that, we started the year with an interactive coaching session on psychological wellbeing and how to release stress and avoid burnout. Our activities also covered also, cloth donation, challenging games and communication of all financial benefits that SADAFCO provides to value its employees.

TALENT DEVELOPMENT & NATIONALIZATION

In support of the Nationalization program, SADAFCO has increased the percentage of Nationals at the managerial level to 45%, reflecting significant progress compared to previous years. This achievement underscores SADAFCO's commitment to sustaining and developing talent, driven by continuous efforts and planned investments in the right people. As a result, 45% of our managerial roles are now held by national managers, showcasing our dedication to empowering local talent and aligning with national goals.

REWARDS

The annual salary review has been successfully completed. At SADAFCO, we are committed to continuously enhancing our reward systems to ensure fairness, competitiveness, and alignment with market standards. As part of this commitment, we have partnered with one of the world's leading consultancy firms to conduct a comprehensive review of all benefits and compensation structures. This initiative aims to attract, retain, and nurture top talent, with a special focus on supporting and empowering local talent. We are dedicated to taking the necessary actions to ensure our rewards framework remains market-leading and aligned with our strategic goals. We continued to present the TRIPLE Value Award, which enables us to recognize selected employees who exemplify each of our core values. Additionally, the CEO Award to be granted to an employee who embodies all of SADAFCO's values.

THE WINNER OF
THE CEO AWARD

Abdulrahman Bawazir

WINNER OF THE AASEEL AWARD

TRUST

Tufail Mohd Mir

RESPECT

Naser Al nakhli

INTEGRITY

Badr Abdullah Al Abbasi

PASSION

Tanveer Hayat

LEARN

Noof Sabtan Qadah

LEAD

Fahad AlNawdali

EXCELLENCE

Iskandar Alharharah

VOLUNTEER ACHIEVEMENTS

In 2024, the company continued to focus on social responsibility, with employees contributing over 1000 volunteer hours in healthcare, education, environmental sustainability, and blood donation. Their active participation not only addressed key societal needs but also fostered teamwork and engagement within the organization, reflecting our commitment to the values of "Sustainably Nourishing Tomorrow, Driving Purposeful Growth".

ENGAGEMENT

The HR department has activated numerous recreational rooms across KSA, ensuring employees utilize these facilities to foster teamwork and enhance engagement. Additionally, the Executive team has visited various depots to connect with employees at all sites. During Ramadan, special visits were organized, allowing the Executive team to share Iftar with employees, further strengthening bonds. The Ramadan Iftar 2024 events were a standout success, featuring refreshed and engaging Iftar parties across SADAFCO branches that left employees delighted and excited even after the meals were served. Over 500 gifts were awarded to winners of various competitions, adding to the festive and inclusive atmosphere. These initiatives reflect our ongoing commitment to creating a connected, motivated, and engaged workforce.



DIGITALIZATION

Job Offer Issuance:

Time reduced significantly for initiating Group A offers, streamlining the onboarding process.

Salary Certificates:

Employees can now request and receive salary certificates instantly, enhancing efficiency and convenience.

Appreciation Culture:

Fostered a culture of recognition and appreciation among employees, promoting a positive work environment.

KPI Process:

Fully digitalized the KPI process, minimizing reliance on emails and phone calls, and improving communication efficiency.

Headcount Budget Process:

Digitalized the headcount budget process, reducing time and ensuring higher data accuracy.

SADAFCO Calendar:

Introduced a centralized calendar for activities, healthcare, training, payroll, and more, improving organization and accessibility.

HR Policy Accessibility:

Made HR policies visible and accessible to all employees, currently in the final stage of revision.

Job Description Portal:

Launched a job description portal accessible to all employees, now in the final stage of revision.

Training Hours Recording:

Streamlined the process of requesting training and recording training hours in the system, ensuring accurate tracking and reporting.

These initiatives reflect our commitment to leveraging digital tools to enhance efficiency, transparency, and employee experience across the organization.

Sustainability at SADAFCO

“ In alignment with Saudi Arabia’s Vision 2030, the Company continues to integrate Environmental, Social, and Governance (ESG) principles into its strategic framework, ensuring long-term value creation for stakeholders.

SADAFCO remains unwavering in its commitment to sustainability, continuously striving to integrate responsible business practices that create a lasting impact. In alignment with Saudi Arabia’s Vision 2030, the Company continues to integrate Environmental, Social, and Governance (ESG) principles into its strategic framework, ensuring long-term value creation for stakeholders.

Throughout the year, SADAFCO has advanced its sustainability agenda, guided by four key pillars that shape its approach to responsible business. The company navigates the evolving sustainability landscape with resilience and purpose. This commitment is reflected in ongoing initiatives that reduce environmental impact, enhance social well-being, and strengthen corporate governance reinforcing SADAFCO’s role as a responsible industry leader.



GOVERNANCE

- Corporate Governance & Compliance
- Ethics and Integrity
- Data Privacy and Security



- SADAFCO recognized as one of the highest-ranking companies in corporate governance among non-financial companies listed on Tadawul according to the Alfaisal Corporate Governance Index assessment for Fiscal Year 2023.
- Certified by ISO 22301 certification for Business Continuity Management. ISO 37000, aligning with international principles of corporate governance, and ISO 9001, ensuring the highest standards in the quality management of legal affairs.
- Zero Cases of Regulatory Non-Compliance, fines or penalties & warnings
- “Ethics Hotline” continues to support anonymous reporting on ethical issues, ensuring safe and transparent environment.
- Maintained a strong commitment to data security, achieving zero data security breaches during the year, reinforcing our dedication to safeguarding customer and business information.



ENVIRONMENT AND CLIMATE

- Energy Management
- GHG Emissions & Climate Change
- Water Management
- Waste Management
- Sustainable Sourcing & Packaging
- Supply Chain Management



- Three-Pillared Climate Strategy 2035 focuses on fleet electrification, renewable energy, and water conservation. By 2035, 90% of its fleet will run on non-ICE engines, renewable energy will make up 20% of total consumption with a 5% reduction in energy intensity, and 6 Bln liters of potable water will be conserved across all factories.
- SADAFCO's Riyadh EV Pilot Study, conducted with the Royal Commission City of Riyadh, showcased the cost efficiency of fleet electrification. Tested the electric truck against a diesel truck, the

study revealed a 67% reduction in energy costs, highlighting the potential of electric transport for sustainable urban logistics.

- Collaborating with HyperView to explore green hydrogen-powered transportation to achieve low carbon mobility for refrigerated trailers and long-haul logistics.
- By 2025, SADAFCO plans to install solar panels on an additional nine sites, generating 6.4 Mln kWh of clean energy and avoiding 2,800 MT of carbon emissions annually in the first year of operation.
- SADAFCO's route optimization program enhances distribution efficiency while reducing environmental impact. By leveraging data-driven logistics, the initiative has cut travel distance by 39% and travel time by 27%, significantly lowering fuel consumption and carbon emissions while improving operational efficiency.
- SADAFCO reduced its water consumption by 14.5%, lowered COD levels by 6.1%, and saved 113.2 Mln liters of water, achieving 1.73 Mln in cost savings.
- Contributing to circular economy by transitioning to 100% reusable pallets, up from 51% in 2023.
- Committed to achieving 100% recycling by 2030, with a 95% recycling rate in 2024.
- Aim to eliminate plastic in all forms.
- Exploring reusable packaging options as one of the solutions.

CONSUMERS

- Consumer Delight
- Health & Nutrition
- Product Quality & Safety
- Product Innovation
- Marketing and Labelling



- Our ambition for 2030 is to reduce added sugar by 30% in flavored milk and salt by 20% in snacks.
- Achieved a 15% reduction in sugar in banana and strawberry-flavored milk, next target 15% sugar reduction in chocolate-flavored milk.
- All colours and Flavors used in the kids' milk from 100% natural source.
- Educated 1.45 Mln+ kids for awareness about the importance of milk and dairy as part of a healthy breakfast.
- ISO 22000, Halal and Organic certified products.
- Achieved 7.4 % innovation rate in the Frozen food category in 2024.
- 10 new products introduced.
- 100% compliance to marketing and labelling requirements by using new artwork approval software.



PEOPLE AND COMMUNITY

- Employee Health & Happiness
- Diversity & Inclusion
- Community Impact
- Local Procurement



- Target is to achieve female employment of more than 35 % in all the operations by the year 2030.
- Maintained Saudization of workforce at 39%, aligned with National ambition.
- Ambition is to achieve an overall attrition rate of 10%.
- Upgraded CCTV systems to 90% of its facilities, ensuring compliance with Ministry of Interior (MOI) requirements and enhancing security measures across operations.
- Committed to workplace safety, delivering 17,000 training hours, conducting 42 mock drills and 44 internal audits, and achieving an LTIR of 0.15, surpassing the target of 0.16. 11 lost time injury cases were recorded, reinforcing ongoing safety improvements.
- SADAFCO conducted 15,749 training hours across 162 sessions, reinforcing its commitment to workforce development and continuous learning.
- In 2024, SADAFCO invested ~ 1 Mln in community activities.
- Employees volunteered for over 1,000 community engagement and environmental stewardship.
- SADAFCO has invested 1.5 Mln to develop green space through a park in the MODON Industrial Area.
- 88% of the packaging suppliers are local, while 17% of the raw materials' suppliers are local, overall, a healthy share of local suppliers.

Community Impact

At SADAFCO, we believe that corporate social responsibility (CSR) is not just a commitment—it is a fundamental part of our values and mission.

Through our Corporate Social Responsibility (CSR) initiatives, we aim to generate meaningful economic, social, cultural, and environmental impacts, while reinforcing our values of integrity, excellence, and sustainability.

This report highlights the key CSR activities undertaken during the year, reflecting our ongoing efforts to contribute positively across several strategic areas. These include Sponsorship & Event Participation, Contribution in Cash and Products, Community Volunteering, Charitable & Social Participation, Health & Wellbeing Initiatives, and Educational & Vocational Programs. Each of these initiatives is aligned with our commitment to responsible corporate citizenship and sustainable development.

CSR GOVERNANCE

- On 28/06/2022, SADAFCO CSR policy was approved by the General Assembly based on the recommendation of the Board of Directors.
- SADAFCO Applied ISO 26000 CSR Guidelines.

SPONSORING & PARTICIPATION IN EVENTS

- SADAFCO participates in the Award ceremony of the 2nd edition of the Future Maker Initiative.



- SADAFCO attends the Second Community Responsibility Forum on November 20, 2024, under the patronage of His Excellency Minister of Media, Mr. Salman bin Yusuf Al-Dosari.

CHARITABLE AND SOCIAL PARTICIPATION

- SADAFCO supported the 'Cool Your Summer' initiative in collaboration with Al-Mamlakah Hospital, where Ice Cream sampling was provided to hospital residents and workers. This initiative was part of SADAFCO's ongoing efforts to enhance community wellbeing.
- SADAFCO is honored by the Ministry of Hajj and Umrah for supporting pilgrims with disabilities.



- Ishraqah Association honors SADAFCO for supporting mental health programs.
- The Second Intellectual Education Institute honors SADAFCO for supporting students with disabilities.

COMMUNITY VOLUNTEERING

- SADAFCO collaborates with the Blood Bank and King Abdulaziz Hospital to encourage blood donation.



- As part of the joint collaboration, SADAFCO contributed by providing 1,500 products, including Ice Cream and Juices, which were distributed to the participating academies, attendees, and parents at the "Khaleek Wae 2" tournament organized by the Kafa Association.

- SADAFCO collaborates with the Kiswat Alsyyida Aisha organization for community welfare.
- SADAFCO's participation in welcoming students for the new school year at Al-Mousouah School on August 19-20, 2024.

EDUCATIONAL & VOCATIONAL PROGRAMS

- SADAFCO announces collaboration with the Al Baydha Association as part of its commitment to social responsibility and sustainable development.



PROMOTING HEALTH AND WELLBEING

- SADAFCO launched a new office treadmill, helping the team integrate more movement into their day, promoting physical wellbeing and productivity.
- SADAFCO, and the Saudi Authority for Industrial Cities and Technology Zones, or MODON, have signed a memorandum of understanding to advance sustainable development and enhance collaborative efforts.



CSR CONTRIBUTIONS

- SADAFCO distributed 250 Ice Creams to Al-Mawsoaa Schools as part of its community participation efforts.
- SADAFCO participated in supporting Rawafid Women Charity.
- SADAFCO participated in supporting the Rheumatism Association as part of its ongoing community initiatives.
- SADAFCO made a charitable donation of 50,000 to the Autism Centre of Excellence in Riyadh and celebrated Ice Cream Day with the center's members, sharing Ice Cream as part of the event.
- SADAFCO participated in a community support initiative with the Intellectual Education Institute, distributing products to 200 students as part of its broader commitment to social responsibility.
- 1,123 cartons of milk were distributed to support local communities and their needs. The donation had a significant and positive impact on the beneficiaries associated with various charitable organizations. Below are the names of the associations that were supported along with the dates of the donations:
- Al-Birr Charitable Association in Mestorah – 11/08/2024
- Sa'ya Charitable Association for Humanitarian Services in Al-Lith – 12/08/2024
- The Charitable Warehouse in the village of Umm Shaari in Al-Hait – 12/08/2024



02

CORPORATE GOVERNANCE

▪ Governance at a Glance	52
▪ Corporate Governance	53
▪ Board of Directors	56
▪ Board Committees	65
▪ Executive Management	75
▪ Details of Compensation and Remuneration	80
▪ Relation Between the Paid Remuneration and Compliance	84
▪ Subsidiaries and Affiliates	85
▪ Shareholders Register Applications	85
▪ Major Shareholders Owning 5% or more and Changes during the Financial Year	86
▪ Dividends	86
▪ Annual Review of Internal Controls Effectiveness	88
▪ Related Party Transactions	88
▪ Competition Activities	90
▪ Major Decisions and Future Plans	90
▪ Buyback of Treasury Shares	90
▪ Financial Instruments Risk Management Objective and Policies	91
▪ Penalties and Sanctions	93
▪ Declarations	93



Governance at a Glance

The 2024 was an important and transformative year for the Company, as it marked a significant shift in governance and operational strategy, achieving important milestones, and implementing substantial reforms to align with the latest regulations and enhance its strategic direction.

To maintain effective good governance, revisiting and upgrading the governance system is imperative. This year marks a significant milestone in our governance framework with the election of a new Board of Directors, effective April 1, 2024. To enhance expertise, non-board members who possess diverse expertise across various industries have been appointed to the subcommittees, thereby reinforcing the Company's ability to navigate complex challenges, ensuring that our governance practices meet the highest standards, and enhancing decision-making processes and strategic oversight in order to accelerate profitable and sustainable growth, drive innovation, and maximize shareholder value.

Additionally, a new Board Executive Committee was formed, and its charter was approved to serve as a liaison between the Board of Directors and the Executive Management team, to facilitate the smooth flow of information, enabling timely and informed decision-making that aligns with the Company's mission, values, and strategic objectives.

In alignment with this and to further strengthen corporate governance, the Legal & GRC Department, with all its members, played a crucial role in realizing the vision and goals of the Company in accordance with applicable laws and regulations. This began with the revision of the Company's bylaws to comply with the new Companies and CMA laws. Furthermore, all Board sub-committee charters were updated and approved by the Shareholder General Assembly to ensure they reflect the latest regulatory requirements and best practices. Additionally, the Board approved the "Insider Trading Policy" that prohibits trading the Company's shares based on undisclosed internal information, ensuring compliance with Market Conduct Regulations.

Furthermore, the Company successfully registered its brand worldwide and renewed registrations across 20



countries, and actively pursuing global registration, thereby strengthening our international presence and reflecting a comprehensive, forward-looking strategic vision while protecting our intellectual property rights. In addition, the operations of subsidiary companies were transitioned to distributors under distribution agreements to better align with the Company's strategic expansion plans.

Recognizing the importance of international standards, the Company pursued ISO 37000 certification to implement the principles and guidelines for Corporate Governance, as well as ISO 9001 certification to adopt the international standard for Quality of Legal Affairs Management. This comprehensive strategy highlights our commitment to advance our excellence in governance and operational integrity. As a result, the Company has been recognized as one of the highest-ranking companies in corporate governance among non-financial companies listed on Tadawul, according to the Alfaisal Corporate Governance Index assessment for Fiscal Year 2024.

These initiatives form part of a broader strategy aimed at ensuring transparency, accountability, and excellence in all operations. The Legal & GRC Department has been instrumental in these developments, safeguarding the Company's interests, mitigating potential risks and maintaining the Company's organizational and legal stability.

Guided by our values of Integrity, Excellence, and Passion, we remain optimistic about the future and committed to achieving our strategic goals.

Sultan A. Alghamdi
 Chief Legal, GRC Officer & Board Secretary

Corporate Governance

OVERVIEW

A primary source of corporate governance for the Company is the Capital Market Law with its implementing regulations issued by the Capital Market Authority (CMA), specific provisions within the Companies' Law, and corporate governance best practices.

The corporate governance framework governs the relationships among the board, executive management, shareholders, and other stakeholders. This framework establishes rules, policies and procedures that streamline decision-making processes with the aim of safeguarding the rights of shareholders and other stakeholders. Furthermore, it promotes the

values of integrity, fairness, and transparency in the Company's operations.

By adhering to this framework, which emphasize clear and transparent disclosure practices, the board ensures that it acts in the best interests of shareholders. Compliance with this framework also ensures that the Company presents a transparent and accurate view of its financial condition and operational results. The Company recognizes the significance of ongoing compliance with this framework as a key factor in its sustained success.

CORPORATE GOVERNANCE SYSTEM



CORPORATE GOVERNANCE CODE AND INTERNAL POLICIES

In accordance with Article 91 of the CMA Corporate Governance Regulations, the Board of Directors approved the Corporate Governance Code of the Company on 18/08/1434H (corresponding to 25th June 2013), and subsequently revised on 10/07/1440H (corresponding to 17th March 2019).

The Company’s Corporate Governance Code includes the following internal rules, policies, and charters:

- Rights of Shareholders;
 - Dividends Distribution policy;
 - General Assembly procedures;
 - Delegation of Powers principals;
 - Risk Management policy;
 - Conflict of interest policy;
- Relations with Stakeholders;
 - Confidentiality Policy;
 - Disclosure and Transparency policy;
 - Board of Directors charter;
 - Code of Conduct policy;
 - Whistleblowing policy; and
 - Monitoring, and Internal Control Systems.

CORPORATE GOVERNANCE COMPLIANCE

The Company adheres to all the provisions outlined in the CMA Corporate Governance Regulations, except for the highlighted articles in the next section (e). As part of these CMA provisions, the company has already complied with:

- General shareholder rights (Articles 4 to 9);
 - Rights relating to General Assembly Meetings (Articles 10 to 15);
 - The Board of Directors: formation, responsibilities, competencies, procedures and training (Articles 16 to 39);
 - Conflicts of interest (Articles 40 to 46);
 - Company committees (Articles 47 to 69); and
 - Internal controls, external auditors, company reports and policies, and various other matters (Articles 70 to 95).
- The Company prepared the Board Membership Policy, which was approved by the Board and ratified by the General Assembly.
 - The Company prepared the Policy for Remuneration of Board of Directors, Its Committees and Executive Management, which were approved by the Board and ratified by the General Assembly.
 - The Company prepared the Corporate Social Responsibility (CSR) Policy, which was approved by the Board and ratified by the General Assembly.
 - The Company prepared the Competition Standards for Board Member with the Company's business,, which was approved by the Board and ratified by the General Assembly.
 - The Company has recently amended its bylaws to align with the changes mandated by the new Companies’ Law. These amendments approved by the Board and ratified by the General Assembly.

Furthermore, the Company has put in place measures to comply with provisions that deal with conflicts of interest and competing activities (Articles 71, 72 and 73 of the Companies’ Law and Articles 42 and 44 of the Corporate Governance Regulations). The Company will comply with the requirements of these provisions when it seeks the approval of the General Assembly for Related Party Transactions and Competing Activities. Also, the Board approved the "Insider Trading Policy"

that prohibits trading the Company’s shares based on undisclosed internal information, ensuring compliance with Market Conduct Regulations. Moreover, the management has established a number of committees to oversee specific functions within the Company and assist the Board in effectively supervising and operating the various departments.

These management committees, though not formal committees of the Board, include: (i) Executive Management Committee; (ii) Sustainability Steering Committee; (iii) IT & Customer Board Committee; (iv) HR Committee; (v) Ethics Committee; and (vi) Risk Management Committee.

PROVISIONS HAVE/HAVE NOT BEEN IMPLEMENTED OF THE CORPORATE GOVERNANCE REGULATIONS, WITH JUSTIFICATIONS:

Article/ Sub Article	Details of Article / Sub Article	Justifications
39/e	Board Evaluation: The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years.	Guiding Article.
51/c	The Chairman of the Audit Committee shall be an Independent Member.	Guiding Article.
51/d	Half of the audit committee’s members must be Independent Directors or from those on whom the issues affecting independence in Article (19) of this Regulation do not apply	Guiding Article.
67	Composition of the Risk Management Committee The Company's Board shall, by resolution therefrom, form a committee to be named the “Risk Management Committee”. 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.	Guiding Article. Risk management is undertaken by Audit Committee in accordance with its charter.
68	Competencies of the Risk Management Committee	Guiding Article. Risk management is undertaken by Audit Committee in accordance with its charter.
69	Meetings of the Risk Management Committee	Guiding Article. Risk management is undertaken by Audit Committee in accordance with its charter.
82/2	Employee Incentives The Company shall establish programs for developing and encouraging the participation and performance of the Company’s employees. The programs shall particularly include establishing a scheme for granting Company shares or a percentage of the Company profits and pension programs for employees and setting up an independent fund for such programs.	Guiding Article.
92	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.	Guiding Article. The Board is overseeing the Company’s Governance activities.

Board of Directors

COMPOSITION OF THE BOARD OF DIRECTORS

Under the bylaws, the Board of Directors shall be comprised of (nine) directors appointed by the General Assembly by means of cumulative voting. The Companies’ Law, Corporate Governance Regulations,

the Company’s bylaws and Corporate Governance Code determine the duties and responsibilities of the Board of Directors. The Extraordinary General Assembly held on 28th February 2024 has elected the Board of Directors members for its new term of four years starting from 01st April 2024 and ends on 31st March 2028.

The former Board of Directors, who’s term ended on 31st March 2024, comprised of the following members

Name	Title	Membership Type	Date of Appointment by General Assembly	Membership Expiry Date
Sheikh Hamad S. Al-Ahmad	Chairman	Non–Executive	19 th November 2020	31 st March 2024
Mr. Faisal M. Al-Ayyar	Vice Chairman	Non–Executive	19 th November 2020	
Sheikh Sabah M. Al-Sabah	Member	Non–Executive	22 nd August 2023	
Mr. Saied A. Basamh	Member	Non–Executive	19 th November 2020	
Mr. Ahmed M. Al-Marzouki	Member	Independent	19 th November 2020	
Mr. Suleiman S. Al-Jarallah	Member	Non–Executive	19 th November 2020	
Mr. Mussad A. Al-Nassar	Member	Executive	19 th November 2020	
Mr. Hani A. Saab	Member	Independent	19 th November 2020	
Mr. Abdullah H. Al Nassar	Member	Independent	19 th November 2020	

The Current Board of Directors, who’s term started on 01st April 2024 being appointed by the EGM on 28th February 2024, comprise of the following members:

Name	Title	Membership Type	Membership Expiry Date
Sheikh Hamad S. Al-Ahmad	Chairman	Non–Executive	31 st March 2028
Mr. Saied A. Basamh	Vice Chairman	Non–Executive	
Sheikh Sabah M. Al-Sabah	Member	Non–Executive	
Mr. Faisal M. Al-Ayyar	Member	Non–Executive	
Mr. Ahmed M. Al-Marzouki	Member	Non–Executive	
Mr. Mussad A. Al-Nassar	Member	Executive	
Mr. Hani A. Saab	Member	Independent	
Mr. Ihab I. Osman	Member	Independent	
Mr. Esam S. Al-Thukair	Member	Independent	

BOARD OF DIRECTORS BIOGRAPHIES

Sheikh Hamad S. Al-Ahmad

CURRENT POSITIONS IN SADAFCO & OTHER COMPANIES

Chairman:

- Saudia Dairy & Foodstuff Co. (SADAFCO).
- KIPCO Holding.
- Masharee Al-Khair Charity Organisation.
- Gulf Egypt Hotels & Tourism Co.

PREVIOUS POSITIONS IN SADAFCO & OTHER COMPANIES

Chairman:

- Saudia Dairy & Foodstuff Co. (SADAFCO).
- Burgan Bank.
- National Mobile Co.
- United Real Estate Co.
- United Gulf Bank.

ACADEMIC QUALIFICATIONS

Diploma from Storm King School, USA

EXPERIENCE

HH Sheikh is a distinguished leader with extensive experience across multiple industries and regions. Known for his strategic insight and governance expertise, Sheikh Hamad has consistently driven sustainable growth, operational excellence, and long-term value across diverse sectors. A graduate of Storm King School in the United States, he combines a strong academic foundation with a commitment to business excellence and social responsibility, shaping the success of the organizations he leads.

Mr. Saied A. Basamh

CURRENT POSITIONS IN SADAFCO & OTHER COMPANIES

- Vice Chairman at Saudia Dairy & Foodstuff Co. (SADAFCO).

Chairman:

- Al-Khair Inorganic Chemical Industries Co. (inochem).
- Samhaa Investment Co.
- 3i Holding Co.

Board Member:

- Sahra International Petrochemical Co. (Sipchem).
- Basamh Group.
- International Medical Center.
- MADR Investment Co.
- Basamh Industrial Co.
- Hala Supply Chain Services Co.
- Future Resources Co.

PREVIOUS POSITIONS IN SADAFCO & OTHER COMPANIES

Board Member at Saudia Dairy & Foodstuff Co. (SADAFCO).

ACADEMIC QUALIFICATIONS

B.Sc Business Administration – Marketing & Logistics
Ohio State University, USA

EXPERIENCE

Mr. Saied Basamh is a seasoned executive with a distinguished career spanning business strategy, corporate governance, and operational leadership. He holds board positions in prominent organizations. With expertise in investment, logistics, and industrial development, he has driven strategic growth and operational excellence across sectors including real estate, petrochemicals, and supply chain management. A graduate of Ohio State University with a Bachelor of Science in Business Administration, specializing in Marketing & Logistics, he combines academic rigor with extensive industry experience to advance innovation and sustainability in the region.

Sheikh Sabah M. Al-Sabah

CURRENT POSITIONS IN SADAFCO & OTHER COMPANIES

- Board Member at Saudia Dairy & Foodstuff Co. (SADAFCO).
- Group Chief Investment Officer at KIPCO Holding Co.

Chairman:

- National Petroleum Service Co.
- Jassim Transport & Stevedoring Co.
- United Oil Projects Co.
- United Building Co.

PREVIOUS POSITIONS IN SADAFCO & OTHER COMPANIES

- Vice Chairman & CEO at Qurain Petrochemical Industries Co.
- Vice Chairman & CEO at United Industries Co.

ACADEMIC QUALIFICATIONS

Bachelor’s Degree in Business Administration & Organisation Management, Kuwait University

EXPERIENCE

HH Sheikh Sabah is a seasoned leader with expertise in corporate governance and strategic planning, he has experiences in driving growth and market expansion, and he holds leadership roles in prominent organizations. A graduate in Business Administration & Organization Management from Kuwait University, his extensive experience in industrial investments and operational excellence strengthens the organizations he serves.

Mr. Faisal M. Al-Ayyar

CURRENT POSITIONS IN SADAFCO & OTHER COMPANIES

Board Member:

- Saudia Dairy & Foodstuff Co. (SADAFCO).
- KIPCO Holding Co.

PREVIOUS POSITIONS IN SADAFCO & OTHER COMPANIES

Vice-Chairman:

- Saudia Dairy & Foodstuff Co. (SADAFCO).
- KIPCO Holding Co.
- Gulf Insurance Group
- United Gulf Holding
- Jordan Kuwait Bank

ACADEMIC QUALIFICATIONS

Fighter Pilot, USA

EXPERIENCE

Mr. Faisal is a seasoned leader with expertise in corporate strategy, financial management, and regional investments. Known for his strategic insight and financial acumen, he has driven growth and success across banking, insurance, and investment sectors. A former U.S.-trained fighter pilot, his disciplined approach to leadership and decision-making enhances his contributions to operational excellence and sustainable growth, positioning him as a respected leader in the region.

Mr. Ahmed M. Al-Marzouki

CURRENT POSITIONS IN SADAFCO & OTHER COMPANIES

- Board Member at Saudia Dairy & Foodstuff Co. (SADAFCO).
- Vice-Chairman at Buruj Co-Op Insurance Co.
- Chairman at Saudi Arabian Drug Store Co.

PREVIOUS POSITIONS IN SADAFCO & OTHER COMPANIES

- Sales & Marketing at Saudia Dairy & Foodstuff Co. (SADAFCO)
- Managing Director at Saudia Dairy & Foodstuff Co. (SADAFCO)

Chairman:

- Al-Ahli FC Club
- Saudi New Zealand Milk Products Co.
- Swiss Premium Food Co.
- Arab Co. for Animal Production.
- Egypt Dairy & Foodstuff Co. (EDAFCO).

ACADEMIC QUALIFICATIONS

MBA - California State University, USA

EXPERIENCE

Mr. Ahmed is a seasoned leader with extensive expertise in sales, marketing, and executive management. Known for his deep understanding of commercial strategy and market dynamics, he has driven business growth and operational efficiency across various sectors. He has held key executive roles, shaping strategic direction and corporate development. An MBA graduate from California State University, USA, he combines strong academic credentials with professional experience, demonstrating a commitment to excellence and innovation in the organizations he serves.

Mr. Mussad A. Al-Nassar

CURRENT POSITIONS IN SADAFCO & OTHER COMPANIES

Board Member:

- Saudia Dairy & Foodstuff Co. (SADAFCO).
- SADAFCO Bahrain
- SADAFCO Jordan

PREVIOUS POSITIONS IN SADAFCO & OTHER COMPANIES

- Board Member at SADAFCO Poland Sp. z o.o.

ACADEMIC QUALIFICATIONS

Bachelor of Public Administration - Al Bakrki University - USA

EXPERIENCE

Mr. Mussad is a seasoned leader with expertise in sales, executive management, and international operations. He has held key roles, including Executive Manager and Vice Chairman of SADAFCO Jordan, driving regional growth. As a Board Member of SADAFCO Jordan and Bahrain, he oversees international strategies. With a bachelor’s degree in public administration, his leadership and governance expertise continue to support SADAFCO’s success.

Mr. Hani Abdulaziz Saab

CURRENT POSITIONS IN SADAFCO & OTHER COMPANIES

- Board Member at Saudia Dairy & Foodstuff Co. (SADAFCO).
- General Manager of Al Faneyah Electromechanical Co.
- General Manager of Prime Star Technologies Co. Ltd.
- General Manager of Eastern Trading Activities.
- General Manager of East Duct Factory.

Chairman:

- Textiles and Garments Co. 'Giordano Fashion Agency'
- East Trading Activities Co.
- Qurtubah Private School Co.

PREVIOUS POSITIONS IN SADAFCO & OTHER COMPANIES

- General Manager of Allied Motors Co.

Board Member:

- Makkah Region Council, Chairman of the Social Development Committee.
- Chamber of Commerce and Industry in Jeddah.
- Al-Madinah Press, Printing and Publishing Corporation.

ACADEMIC QUALIFICATIONS

B.Sc. Business Administration – University of California San Diego, USA

EXPERIENCE

Mr. Hani is a seasoned leader with expertise in textiles, manufacturing, and trading. He has held key roles, including Chairman of Giordano Fashion Agency, East Trading Activities Co., and Qurtubah Private School Co., as well as General Manager of several companies. Actively involved in community development, he serves on the Makkah Region Council and the Jeddah Chamber of Commerce, advocating for business and social progress. A graduate in Business Administration from the University of California, San Diego, his academic background and professional experience strengthen his strategic contributions to SADAFCO and beyond.

Mr. Ihab I. Osman

CURRENT POSITIONS IN SADAFCO & OTHER COMPANIES

- Board Member at Saudia Dairy & Foodstuff Co. (SADAFCO).
- Chief Executive Officer of Maarif Education.
- Chairman of Audit Committee at Atbara Cement Co.

PREVIOUS POSITIONS IN SADAFCO & OTHER COMPANIES

- General Manager, New Businesses of NADEC.
- President & Chief Executive Officer of Sudatel Telecom Group.

ACADEMIC QUALIFICATIONS

- Bachelor of Science, Electrical Engineering from New York Institute of Technology, USA.
- Master of Business Administration, Finance & Strategy from University of Oxford, UK.
- Master of Public Administration, Public Private Partnerships & Infrastructure Finance from Harvard University, USA.

EXPERIENCE

Mr. Ihab is a seasoned leader with expertise in telecommunications, education, and business development. Known for his ability to lead organizational transformation, he excels in corporate governance, financial management, and strategic planning. His academic excellence and leadership acumen continue to drive innovation and sustainability across industries.

Mr. Esam S. Al-Thukair

CURRENT POSITIONS IN SADAFCO & OTHER COMPANIES

- Chief Executive Officer at 42 Group.

Board Member:

- Saudia Dairy & Foodstuff Co. (SADAFCO).
- Kamco Invest Saudi.
- Sekaya Charitable Foundation

PREVIOUS POSITIONS IN SADAFCO & OTHER COMPANIES

- Deputy Minister of Communications and Information Technology Commission (CITC).
- Deputy Governor of Monshaat.
- Vice President, Investment of Kadi Group Holding.
- Vice President of Raz Holding.

Board Member:

- Al Naqool Co.
- King Fahd Causeway Authority

ACADEMIC QUALIFICATIONS

- Bachelor of MIS, from King Fahad University of Petroleum and Minerals (KFUPM), KSA
- Executive Master, from King Fahad University of Petroleum and Minerals (KFUPM), KSA
- Master of Business Administration, from Saudi Electronic University, KSA

EXPERIENCE

Mr. Esam is a seasoned leader with expertise in finance, investments, and organizational strategy. He has held senior roles at Al Rajhi Capital, Al Rajhi Bank, Raz Group, and Kadi Group Holding, driving growth and innovation. In the public sector, he served as Deputy Governor of the Small & Medium Enterprises General Authority and Deputy Minister of the Ministry of Communications and Information Technology (MCIT), advancing national economic and tech initiatives. With a Bachelor’s in MIS and two Master’s degrees in Executive Management and Public Administration, his academic and professional background strengthens his strategic leadership.

BOARD OF DIRECTORS FORMATION AND CAPACITY

The Board of Directors is constituted of nine (9) members elected for the term starting 1st April 2024 and ending 31st March 2028.

Name	Capacity
HH Sheikh Hamad Sabah Al-Ahmad	Non-executive
Mr. Saied Ahmed Saied Basamh	Non-executive
HH Sheikh Sabah Mohammed Al-Sabah	Non-executive
Mr. Faisal Hamad Mubarak Al-Ayyar	Non-executive
Mr. Ahmed Mohamed Hamed Al-Marzouki	Non-executive
Mr. Mussad Abdullah Abdul Aziz Al-Nassar	Executive
Mr. Hani Abdulaziz Ahmed Sabb	Independent
Mr. Ihab Ibrahim Mohammed Osman	Independent
Mr. Esam Saleh Ahmed Al-Thukair	Independent



BOARD OF DIRECTORS CURRENT AND PREVIOUS MEMBERSHIPS IN OTHER COMPANIES

Name of BOD Member	Name of current companies of the BOD Member who is a member in their boards or its directors	Inside/ Outside KSA	Legal Entity (Listed/ Unlisted/ Limited)	Name of former Companies of the BOD Member who is a member in their boards or its directors	Inside/ Outside KSA	Legal Entity (Listed/ Unlisted/ Limited)
HH Sheikh Hamad Al-Ahmad	▪ Saudia Dairy & Foodstuff Co. (SADAFCO)	KSA	Listed	▪ Burgan Bank	Kuwait	Listed
	▪ KIPCO Holding	Kuwait	Listed	▪ National Mobile Co.	Kuwait	Listed
	▪ Masharee Al-Khair Organisation	Kuwait	Charity	▪ United Real Estate Co.	Kuwait	Listed
	▪ Gulf Egypt Hotels & Tourism Co.	Egypt	Limited	▪ United Gulf Bank	Bahrain	Listed
Mr. Saied A. Basamh	▪ Saudia Dairy & Foodstuff Co. (SADAFCO)	KSA	Listed			
	▪ Sahra International Petrochemical Co. (Sipchem)	KSA	Listed			
	▪ Al-Khair Inorganic Chemical Industries Co. (inochem)	KSA	Unlisted			
	▪ Basamh Group of Companies	KSA	Unlisted			
	▪ International Medical Center	KSA	Unlisted			
	▪ MADR Investment Co.	KSA	Unlisted			
	▪ Basamh Industrial Ltd Co.	KSA	Limited			
	▪ Samhaa Investment Co.	KSA	Limited			
	▪ Hala Supply Chain Services Co.	KSA	Limited			
	▪ Future Resources Co.	KSA	Limited			
	▪ 3i Holding Co.	KSA	Limited			
HH Sheikh Sabah Al-Sabah	▪ Saudia Dairy & Foodstuff Co. (SADAFCO)	KSA	Listed	▪ Qurain Petrochemical Industries Co.	Kuwait	Listed
	▪ National Petroleum Service	Kuwait	Listed	▪ Manafa Investment Co.	Kuwait	Listed
	▪ KIPCO Holding	Kuwait	Listed	▪ United Industries Co.	Kuwait	Unlisted
	▪ Jassim Transport & Stevedoring Co.	Kuwait	Listed			
	▪ United Oil Projects Co.	Kuwait	Unlisted			
Mr. Faisal H. Al-Ayyar	▪ Saudia Dairy & Foodstuff Co. (SADAFCO)	KSA	Listed	▪ Gulf Insurance Group	Kuwait	Listed
	▪ KIPCO Holding	Kuwait	Listed	▪ United Gulf Bank	Bahrain	Listed
				▪ Jordan Kuwait Bank	Jordan	Listed
Mr. Ahmed M. Al-Marzouki	▪ Saudia Dairy & Foodstuff Co. (SADAFCO)	KSA	Listed	▪ Saudi New Zealand Milk Products Co.	KSA	Limited
	▪ Saudi Arabian Drug Store	KSA	Limited	▪ Multiple Investments for Medical Services	KSA	Limited
	▪ Buruj Cooperative Insurance Co.	KSA	Listed	▪ Swiss Premium Food Co.	Egypt	Limited
				▪ Arab Co. for Animal Production.	Egypt	Limited
				▪ Egypt Dairy & Foodstuff Co. (EDAFCO)	Egypt	Limited
Mr. Mussad A. Al-Nassar	▪ Saudia Dairy & Foodstuff Co. (SADAFCO)	KSA	Listed	▪ SADAFCO Poland Sp. z.o.o.		Limited
	▪ SADAFCO Jordan	Jordan	Limited			
	▪ SADAFCO Bahrain	Bahrain	Limited			

Name of BOD Member	Name of current companies of the BOD Member who is a member in their boards or its directors	Inside/ Outside KSA	Legal Entity (Listed/ Unlisted/ Limited)	Name of former Companies of the BOD Member who is a member in their boards or its directors	Inside/ Outside KSA	Legal Entity (Listed/ Unlisted/ Limited)
Mr. Hani A. Sabb	▪ Saudia Dairy & Foodstuff Co. (SADAFCO)	KSA	Listed	▪ Western Auto Co. ▪ Almadinah Press, Printing and Publishing Corporation.	KSA KSA	Limited Limited
	▪ Company 'Giordano Fashion Agency'	KSA	Limited			
	▪ East Trading Activities Co.	KSA	Limited			
	▪ Qurtubah Private School Co.	KSA	Limited			
	▪ Al Faneyah Electromechanical Co.	KSA	Limited			
	▪ Prime Star Technologies Co. Ltd	KSA	Limited			
	▪ Allied Motors Co.	KSA	Limited			
	▪ Eastren Trading Activities.	KSA	Limited			
Mr. Ihab I. Osman	▪ Saudia Dairy & Foodstuff Co. (SADAFCO)	KSA	Listed			
	▪ Maarif Education Co.	KSA	Unlisted			
	▪ Atbara Cement Co.	Sudan	Unlisted			
Mr. Esam S. Al-Thukair	▪ Saudia Dairy & Foodstuff Co. (SADAFCO)	KSA	Listed	▪ Al Naqool Co.	KSA	Unlisted
	▪ Kamco Invest Saudi	KSA	Unlisted			
	▪ Sekaya Charitable Foundation	KSA	Charity			



BOARD MEETINGS HELD DURING THE YEAR

The Board held (Four) meetings during the financial year 2024 (ended 31st December 2024) as follows:

Name	06 th Mar 2024	08 th July 2024	17 th Sep 2024	18 th Dec 2024
Sheikh Hamad Sabah Al-Ahmad	✓	✗	✓	✓
Mr. Saied Ahmed S. Basamh	✓	✓	✓	✓
Sheikh Sabah Mohammed Al-Sabah	✓	✓	✓	✓
Mr. Faisal Hamad M. Al-Ayyar	✗	✓	✗	✓
Mr. Ahmed Mohamed H. Al-Marzouki	✓	✗	✓	✓
Mr. Mussad Abdullah A. Al-Nassar	✓	✗	✓	✓
Mr. Hani Abdulaziz A. Saab	✓	✓	✓	✓
Mr. Ihab Ibrahim M. Osman	NA	✓	✓	✗
Mr. Esam Saleh A. Al-Thukair	NA	✓	✓	✓

The last Extraordinary General Assembly Meeting was held on 17th December 2024.

BOARD MEMBERS’ BENEFITS

Description of the interests, contractual securities or rights issue of the Board members and their relatives in the Company’s shares.

Name	1 st January 2024	31 st December 2024	Change (+/-)
1. HH Sheikh Hamad Sabah Al-Ahmad	0	0	-
2. Mr. Saied Ahmed Saied Basamh	0	0	-
3. HH Sheikh Sabah Mohammed Al-Sabah	0	0	-
4. Mr. Faisal Hamad Mubarak Al-Ayyar	0	0	-
5. Mr. Ahmed Mohamed Hamed Al-Marzouki	20,000	20,000	-
6. Mr. Mussad Abdullah Abdul Aziz Al-Nassar	11,000	1,000	-10,000
7. Mr. Hani Abdulaziz Ahmed Saab	2,000	2,000	-
8. Mr. Ihab Ibrahim Mohammed Osman	Not appointed yet	0	-
9. Mr. Esam Saleh Ahmed Al-Thukair		8	-

Declarations:

- 1) There is no interest of the Board Members’ relatives, spouses and children in the shares of the Company or any of its Subsidiaries.
- 2) There is no interest of the Board Members and their relatives, spouses and children in the debt instruments of the Company or any of its Subsidiaries.

DIRECTORS’ ATTENDANCE AT SHAREHOLDERS GENERAL ASSEMBLY MEETINGS

Three Shareholders General Assembly meetings were held during the financial year ending 31st December 2024. Below is the attendance log of the Board of Directors at those meetings:

Assembly Type Member Name	Extraordinary 28 th Feb 2024	Ordinary 13 th May 2024	Extraordinary 17 th Dec 2024
Attendance of previous BoD whose term ended on 31 st March 2024:			
HH Sheikh Hamad S. Al-Ahmad	✖		
Mr. Faisal Hamad M. Al-Ayyar	✖		
HH Sheikh Sabah M. Al-Sabah	✓		
Mr. Saied Ahmed S. Basamh	✓		
Mr. Ahmed Mohamed H. Al-Marzouki	✓		NA
Mr. Suleiman S. Al-Jarallah	✓		
Mr. Mussad A. A. Al-Nassar	✓		
Mr. Hani A. A. Saab	✓		
Mr. Abdullah H. Al Nassar	✓		
Attendance of current BoD whose term started on 01 st April 2024:			
HH Sheikh Hamad S. Al-Ahmad		✖	✖
Mr. Saied Ahmed S. Basamh		✓	✖
HH Sheikh Sabah M. Al-Sabah		✓	✓
Mr. Faisal Hamad M. Al-Ayyar		✖	✖
Mr. Ahmed Mohamed H. Al-Marzouki	NA	✓	✓
Mr. Mussad Abdullah A. Al-Nassar		✓	✓
Mr. Hani Abdulaziz A. Saab		✓	✓
Mr. Ihab Ibrahim M. Osman		✓	✓
Mr. Esam Saleh A. Al-Thukair		✓	✓

PROCEDURE TAKEN TO THE BOARD TO INFORM ITS MEMBERS, NON-EXECUTIVE DIRECTORS IN PARTICULAR, OF THE SHAREHOLDERS' SUGGESTIONS AND REMARKS ON THE COMPANY AND ITS PERFORMANCE:

Remarks, suggestions, and questions raised by the shareholders are recorded in the General Assembly’s minutes. The answers for their queries are recorded in the minutes and followed-up with the implementation of any applicable suggestion with the Company’s Executive Management. These suggestions shall be represented during the Board meetings following the General Assemblies of the Company and shall be discussed among its members.

Also, the Company has an Investor Relations Department that meets all investors’ requests and responds to their inquiries. The department then briefs the CEO of any recommendations suggested by the shareholders and submits their comments and suggestions to the Board of Directors of the Company. Several means are available and accessible to shareholders, including telephone and email correspondence.

TRAINING, SUPPORT AND ASSESSMENT

The Board of Directors shall encourage its members to perform their duties effectively to achieve the Company’s purpose through convening meetings and circular resolutions, whenever it deems necessary to review specific matters or any requests by the Executive Management to the Board in order to make decisions thereof. Assemblies and circular resolutions may be convened as necessity arises.

The Board shall effectively discuss all essential matters, allocate appropriate time, improve the Company’s strategy, and monitor the Company’s performance to achieve its objective in accordance with its approved annual budget by the Board. The Executive Management shall provide periodic reports for the Company’s performance to the Board, furthermore, the Board shall ensure compliance with its competences and duties in conformity with the Companies’ Law, Capital Market Law and its Implementing Regulations, the Company’s Bylaw, and any applicable laws.

The Board shall oversee the process of updating and improving the Company’s Governance Code.

The Nomination & Remuneration Committee of the Board shall assess the performance of the Board, its members, its committees, and the Executive Management using key performance indicators linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among others, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company.

The company provides training programs designed for executive management. Additionally, programs are being prepared for the recently appointed Board Members, Committee Members, and Executive Management to acquaint them with the Company's business progress and activities. These programs particularly focus on the following areas:

- a. Familiarizing members with the Company's strategy and objectives.
- b. Providing insights into the financial and operational aspects of the Company's activities.
- c. Educating Board members about their obligations, duties, responsibilities, and rights.

- d. Enhancing understanding of the duties and competencies of the Board committees.

Recognizing that the current board members already possess the requisite capabilities and expertise.

Board Committees

To enhance the management of the Company, the Board of Directors has established several committees. Each committee is obliged to adopt a charter that outlines its role, authority, responsibilities, and meeting protocols in order to effectively fulfill its obligations.

The following provides an overview of the committee structure, responsibilities, and the current individuals serving on each committee:

1) AUDIT COMMITTEE

The Audit Committee shall be competent in monitoring the Company’s activities and ensuring the integrity and effectiveness of the reports, financial statements and internal control systems. The duties of the audit committee shall particularly include the following:

FINANCIAL REPORTS:

- 1) Analysing the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency;
- 2) Providing its technical opinion, at the request of the Board, regarding whether the Board’s report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy;
- 3) Analysing any important or non-familiar issues contained in the financial reports;
- 4) Accurately investigating any issues raised by the Company's Chief Financial Officer or any person assuming his/her duties or the Company's Compliance Officer or External Auditor;

- 5) Examining the accounting estimates in respect of significant matters that are contained in the financial reports; and
- 6) Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.
- 7) The committee will review with Executive Management and External & Internal Auditors separately the following:

Any major difference between management and independent auditor or internal audit administration relating to preparation of financial statement

Any difficulties aroused during audit (including any restrictions) to the scope of work or reaching to the required information
- 8) The committee should discuss with the Auditor without attendance of the management, their opinion regarding the quality, relevance and acceptability to the Company's accounting principles and disclosure practices as followed currently by the Company when issuing the financial reports.

INTERNAL AUDIT:

- 1) Examining and reviewing the Company's internal and financial control systems and risk management;
- 2) Analysing the internal audit reports and following up the implementation of the corrective measures in respect of the observations made in such reports;
- 3) Monitoring and overseeing the performance and activities of the Internal Auditor and Internal Audit department of the Company, if any, to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties. If the Company has no Internal Auditor, the committee shall provide a recommendation to the Board on whether there is a need to appoint an Internal Auditor.
- 4) Providing a recommendation to the Board on appointing the manager of the Internal Audit unit or department, or the Internal Auditor and suggest his/her remunerations.

EXTERNAL AUDITOR:

- 1) Providing recommendations to the Board to nominate External Auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts;
- 2) Verifying the independence of the External Auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards;
- 3) Reviewing the plan of the Company's External Auditor and its activities, and ensuring that it does not provide any technical or administrative works that are beyond its scope of work, and provides its opinion thereon;
- 4) Responding to queries of the Company's External Auditor; and
- 5) Reviewing the External Auditor's reports and its comments on the financial statements, and following up the action taken in connection therewith.

ENSURING COMPLIANCE:

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

AUDIT COMMITTEE MEMBERS PROFILE

The Audit Committee consists of five (5) members appointed by the Board of Directors for a period of four (4) years effective from 01st April 2024 and ending 31st March 2028.

No.	Name	Title
1.	Sheikh Sabah M. Al-Sabah	Chairman (Non-Executive)
2.	Mr. Ihab I. Osman	Member (Independent)
3.	Mr. Mohammed Ahmed Sobh	Member (Non-Board Member - Independent)
4.	Mr. Mickey Zacharia	Member (Non-Board Member - Independent)
5.	Mr. Moustapha Chami	Member (Non-Board Member - Independent)

The following is a brief overview of the members of the Audit Committee:

<div>Sheikh Sabah M. Al-Sabah</div> <div>EDUCATION</div> <div>Bachelor's Degree in Business Administration & Organisation Management, Kuwait University</div> <div>AREA OF EXPERTISE</div> <div>Financial and Investment Analysis</div> <div>CURRENT POSITIONS</div> <div><div>Board Member at Saudia Dairy & Foodstuff Co. (SADAFCO).</div><div>Group Chief Investment Officer at KIPCO Holding Co.</div></div> <div>Chairman:</div> <div><div>National Petroleum Service Co.</div><div>Jassim Transport & Stevedoring Co.</div><div>United Oil Projects Co.</div><div>United Building Co.</div></div> <div>PREVIOUS POSITIONS</div> <div><div>Vice Chairman & CEO at Qurain Petrochemical Industries Co.</div><div>Vice Chairman & CEO at United Industries Co.</div></div>	<div>Mr. Ihab I. Osman</div> <div>EDUCATION</div> <div><div>Bachelor of Science, Electrical Engineering from New York Institute of Technology, USA.</div><div>Master of Business Administration, Finance & Strategy from University of Oxford, UK.</div><div>Master of Public Administration, Public Private Partnerships & Infrastructure Finance from Harvard University, USA.</div></div> <div>AREA OF EXPERTISE</div> <div>Financial Management, M&A, PEs, and, Business Development</div> <div>CURRENT POSITIONS</div> <div><div>Board Member at Saudia Dairy & Foodstuff Co. (SADAFCO).</div><div>Chief Executive Officer of Maarif Education.</div><div>Chairman of Audit Committee at Atbara Cement Co.</div></div> <div>PREVIOUS POSITIONS</div> <div><div>General Manager, New Businesses of NADEC.</div><div>President & Chief Executive Officer of Sudatel Telecom Group.</div></div>	<div>Mr. Mohammed A. Sobh</div> <div>EDUCATION</div> <div>Bachelor's degree in finance and accounting from King Abdulaziz University in Jeddah, Saudi Arabia.</div> <div>AREA OF EXPERTISE</div> <div>Internal Controls & Corporate Accounting</div> <div>CURRENT POSITIONS</div> <div><div>Internal Controls & Corporate Accounting Director at Basamh Group.</div></div> <div>PREVIOUS POSITIONS</div> <div><div>Stewardship and Corporate Accounting Manager at P&G</div><div>Internal Controls Manager at Modern Products Co.</div></div>
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Mr. Mickey Zacharia

EDUCATION

- Bachelor degree in Accountancy from St Xavier's College, India
- Chartered Accountancy (ACA) certification
- Chartered Management Accountancy (CMA) certification

AREA OF EXPERTISE

Strategic Planning, Finance and Accounting

CURRENT POSITIONS

- Chief Financial Officer at Jassim Transport & Stevedoring Co. (JTC)

PREVIOUS POSITIONS

- Chief Investment Officer at Qurain Petrochemicals.
- Head Business Development at United Industries.
- Financial Controller at United Fisheries.
- Finance Manager at Kirby Building Systems.
- Accounts Manager at ICI India Co.

Mr. Moustapha Chami

EDUCATION

- Bachelor of Business Administration from USJ University, Lebanon,
- Masters of Business Administration (MBA) from USJ University, Lebanon.
- Professional certifications, including CPA, CFA, CMA, CFM, and Certified IFRS from ACCA (UK).

AREA OF EXPERTISE

Financial Reporting, Corporate Finance, M&A, Risk Management and Compliance.

CURRENT POSITIONS

- Deputy Group Chief Financial Officer at KIPCO Holding
- Vice Chairman at Amaken United Real Estate Co.

Board Member:

- Bank of Baghdad.
- SACEM Industries.
- Jordan Kuwait Bank
- Burgan Bank, Turkey
- Alternative Energy Co.

PREVIOUS POSITIONS

- Chief Accountant at Investment Dar.
- Financial consultant at Alkhorafi Co.
- Tax Auditor at Ministry of Finance, Lebanon.

2) NOMINATION AND REMUNERATION COMMITTEE

The competences of the Nomination and Remuneration Committee are:

REMUNERATIONS:

- 1) Preparing a clear policy for the remunerations of the Board Members and its committees and the Executive Management, and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that is linked to performance, and disclosing and ensuring the implementation of such policy;
- 2) Clarifying the relation between the paid remunerations and the adopted remuneration policy and highlighting any material deviation from that policy.
- 3) Periodically reviewing the remuneration policy and assessing its effectiveness in achieving its objectives; and
- 4) Providing recommendations to the Board in respect of the remunerations of its members, the Committee Members and Senior Executives, in accordance with the approved policy.

NOMINATIONS:

- 1) Suggesting clear policies and standards for membership of the Board and the Executive Management;
- 2) Providing recommendations to the Board for the nomination or re-nomination of its members in accordance with approved policies and standards, taking into account that nomination shall not include any person convicted of a crime involving moral turpitude or dishonesty;
- 3) Preparing a description of the capabilities and qualifications required for membership of the Board and Executive Management positions;
- 4) Determining the amount of time that the member shall allocate to the activities of the Board;
- 5) Annually reviewing the skills and expertise required of the Board Members and the Executive Management;
- 6) Reviewing the structure of the Board and the Executive Management and providing recommendations regarding changes that may be made to such structure;

- 7) Annually ensuring the independence of Independent Directors and the absence of any conflicts of interest if a Board Member also acts as a member of the Board of Directors of another company;
- 8) Providing job descriptions for the Executive, Non-Executive and Independent Directors and the Senior Executive Management;
- 9) Setting procedures to be followed if the position of a member of the Board or a Senior Executive becomes vacant; and
- 10) Determining the strengths and weaknesses of the Board and recommending remedy solutions that serve the Company's interests.
- 11) Setting a mechanism for training the new board members and introducing them to the company duties and activities, to enable them to perform their work competently.
- 12) Analysing and reviewing the company's organisational structure and reviewing the Executive Management and the company senior executives' performance.

In addition to the above-mentioned duties, Remuneration and Nomination Committee has the right to:

- 1) Investigate and enquire any subject within its duties and specialties or any subject requested by the board.
- 2) Review the company records and documents and requesting any clarification or indication from the board or executive management members or the company employees, for the purpose of inquiry about any information.
- 3) The committee may seek assistance from any experts or specialists, whether internal or external, within the scope of its powers. This shall be included in the minutes of the committee meeting; the minutes states the name of the expert and his relation to the Company or its Executive Management, and the company may request the attendance of any employee, manager, the company lawyers, or the independent auditors, for holding a meeting with the committee or with any of its members or consultants.

During the year, the Committee held six meetings. The attendance of the committee members for these meetings was as follows:

AUDIT COMMITTEE MEETINGS

Name	Title	07 th Feb 2024	05 th May 2024	30 th July 2024	11 th Sep 2024	10 th Oct 2024	30 th Oct 2024
Sheikh Sabah M. Al-Sabah	Chairman		✓	✓	✓	✓	✓
Mr. Ihab I. Osman	Member		✓	✓	✓	✓	✕
Mr. Mohammed A. Sobh	Member	NA	✓	✓	✓	✓	✓
Mr. Mickey Zacharia	Member		✓	✓	✓	✓	✓
Mr. Moustapha Chami	Member		✓	✓	✓	✓	✓

NOMINATION & REMUNERATION COMMITTEE MEMBERS PROFILE

The Nomination & Remuneration Committee consists of three (3) members appointed by the Board of Directors for a period of four (4) years, effective from 01st April 2021 ending 31st March 2024.

No.	Name	Title
1.	Mr. Esam S. Al-Thukair	Chairman (Independent)
2.	Mr. Ahmed M. Al-Marzouki	Member (Non-Executive)
3.	Mr. Ahmed A. Zahran	Member (Non-Board Member - Independent)

The following is a brief overview of the members of the Nomination & Remuneration Committee:

<p>Mr. Esam S. Al-Thukair</p> <p>EDUCATION</p> <ul style="list-style-type: none">Bachelor’s Degree in Management Information System (MIS), from King Fahd University of Petroleum and Minerals, KSA.Master’s degree in Public Administration from Saudi Electronic University, KSAExecutive Master’s Degree, from King Fahd University of Petroleum and Minerals, KSA. <p>AREA OF EXPERTISE</p> <p>Financial and Investment Management, Data Analysis, Information Technology, and Human Resources.</p> <p>CURRENT POSITIONS</p> <p>Chief Executive Officer at 42 Group.</p> <p>Board Member:</p> <ul style="list-style-type: none">Saudia Dairy & Foodstuff Co. (SADAFCO).Kamco Invest Saudi.Sekaya Charitable Foundation <p>PREVIOUS POSITIONS</p> <ul style="list-style-type: none">Deputy Minister of Communications and Information Technology Commission (CITC).Deputy Governor of Monshaat.Vice President, Investment of Kadi Group Holding.Vice President of Raz Holding.	<p>Mr. Ahmed M. Al-Marzouki</p> <p>EDUCATION</p> <p>MBA - California State University, USA</p> <p>AREA OF EXPERTISE</p> <p>Financial Management, Sales & Marketing and, Business Development.</p> <p>CURRENT POSITIONS</p> <ul style="list-style-type: none">Board Member at Saudia Dairy & Foodstuff Co. (SADAFCO).Vice-Chairman at Buruj Co-Op Insurance Co.Chairman at Saudi Arabian Drug Store Co. <p>PREVIOUS POSITIONS</p> <ul style="list-style-type: none">Sales & Marketing at Saudia Dairy & Foodstuff Co. (SADAFCO)Managing Director at Saudia Dairy & Foodstuff Co. (SADAFCO) <p>Chairman:</p> <ul style="list-style-type: none">Al-Ahli FC ClubSaudi New Zealand Milk Products Co.Swiss Premium Food Co.Arab Co. for Animal Production.Egypt Dairy & Foodstuff Co. (EDAFCO).	<p>Mr. Ahmed A. Zahran</p> <p>EDUCATION</p> <p>Bachelor’s degree in Financial Management from University of Business and Technology, KSA.</p> <p>AREA OF EXPERTISE</p> <p>Human Resources, Cultural Transformation, Organizational Effectiveness, and Performance Management.</p> <p>CURRENT POSITIONS</p> <ul style="list-style-type: none">CHRO at Basamh Group.NRC Member at Halal Products Development Co. <p>PREVIOUS POSITIONS</p> <ul style="list-style-type: none">Chief People Officer at Hunger Station Co.Human Resources Director GCC at Kimberly-Clark GCC.Country Human Resources Manager at Nestlé Middle East.
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NOMINATION & REMUNERATION COMMITTEE MEETINGS

During the year, the Committee held four meetings. The attendance of the committee members for these meetings was as follows:

Name	Title	03 rd Jan 2024	30 th May 2024	09 th Sep 2024	20 th Nov 2024
Mr. Esam S. Al-Thukair	Chairman		✓	✓	✓
Mr. Ahmed M. Al-Marzouki	Member	NA	✓	✓	✓
Mr. Ahmed A. Zahran	Member		✓	✓	✓

BOARD EXECUTIVE COMMITTEE

The Board Executive Committee was formed through a Board resolution circulated on April 1, 2024. The Board of Directors appointed the following five (5) members to the Board Executive Committee for a term of four (4) years, effective from April 1, 2024, and ending on March 31, 2028.

No.	Name	Title
1	Sheikh Sabah M. Al-Sabah	Chairman (Non-Executive)
2	Mr. Saied A. Basamh	Member (Non-Executive)
3	Mr. Ahmed M. Al-Marzouki	Member (Non-Executive)
4	Mr. Ihab I. Osman	Member (Independent)
5	Mr. Samer Abbouchi	Member (Non Board Member - Independent)



Following is a brief overview of the members of the Board Executive Committee:

Sheikh Sabah M. Al-Sabah	Mr. Saied A. Basamh	Mr. Ahmed M. Al-Marzouki
EDUCATION Bachelor’s Degree in Business Administration & Organisation Management, Kuwait University	EDUCATION B.Sc Business Administration – Marketing & Logistics Ohio State University, USA	EDUCATION MBA - California State University, USA
AREA OF EXPERTISE Financial and Investment Analysis	AREA OF EXPERTISE Financial, Investment Management, and Business Development.	AREA OF EXPERTISE Financial Management, Sales & Marketing and, Business Development.
CURRENT POSITIONS <ul style="list-style-type: none">Board Member at Saudia Dairy & Foodstuff Co. (SADAFCO).Group Chief Investment Officer at KIPCO Holding Co. Chairman: <ul style="list-style-type: none">National Petroleum Service Co.Jassim Transport & Stevedoring Co.United Oil Projects Co.United Building Co. PREVIOUS POSITIONS <ul style="list-style-type: none">Vice Chairman & CEO at Qurain Petrochemical Industries Co.Vice Chairman & CEO at United Industries Co.	CURRENT POSITIONS <ul style="list-style-type: none">Vice Chairman at Saudia Dairy & Foodstuff Co. (SADAFCO). Chairman: <ul style="list-style-type: none">Al-Khair Inorganic Chemical Industries Co. (Inochem).3i Holding Co. Board Member: <ul style="list-style-type: none">Sahra International Petrochemical Co. (Sipchem).Basamh Group.International Medical Center.MADR Investment Co.Basamh Industrial Co.Samhaa Investment Co.Hala Supply Chain Services Co.Future Resources Co.	CURRENT POSITIONS <ul style="list-style-type: none">Board Member at Saudia Dairy & Foodstuff Co. (SADAFCO).Vice-Chairman at Buruj Co-Op Insurance Co.Chairman at Saudi Arabian Drug Store Co. PREVIOUS POSITIONS <ul style="list-style-type: none">Sales & Marketing at Saudia Dairy & Foodstuff Co. (SADAFCO)Managing Director at Saudia Dairy & Foodstuff Co. (SADAFCO) Chairman: <ul style="list-style-type: none">Al-Ahli FC ClubSaudi New Zealand Milk Products Co.Swiss Premium Food Co.Arab Co. for Animal Production.Egypt Dairy & Foodstuff Co. (EDAFCO).

Mr. Ihab I. Osman

EDUCATION <ul style="list-style-type: none">Bachelor of Science, Electrical Engineering from New York Institute of Technology, USA.Master of Business Administration, Finance & Strategy from University of Oxford, UK.Master of Public Administration, Public Private Partnerships & Infrastructure Finance from Harvard University, USA. AREA OF EXPERTISE Financial Management, M&A, PEs, and, Business Development	AREA OF EXPERTISE Financial Management, M&A, PEs, and, Business Development
CURRENT POSITIONS <ul style="list-style-type: none">Board Member at Saudia Dairy & Foodstuff Co. (SADAFCO).Chief Executive Officer of Maarif Education.Chairman of Audit Committee at Atbara Cement Co. PREVIOUS POSITIONS <ul style="list-style-type: none">General Manager, New Businesses of NADEC.President & Chief Executive Officer of Sudatel Telecom Group.	CURRENT POSITIONS <ul style="list-style-type: none">Board Member at Saudia Dairy & Foodstuff Co. (SADAFCO).Chief Executive Officer of Maarif Education.Chairman of Audit Committee at Atbara Cement Co. PREVIOUS POSITIONS <ul style="list-style-type: none">General Manager, New Businesses of NADEC.President & Chief Executive Officer of Sudatel Telecom Group.

Mr. Samer Abbouchi

EDUCATION <ul style="list-style-type: none">BBA - Accounting Emphasis from American University of Beirut, Lebanon.London Business School Dubai-London Executive MBA Program.Chartered Financial Analyst – CFACertified Internal Auditor AREA OF EXPERTISE Investments and Financial Analyst, Banking, Real Estate, and M&A.	AREA OF EXPERTISE Investments and Financial Analyst, Banking, Real Estate, and M&A.
CURRENT POSITIONS <ul style="list-style-type: none">Deputy Group Chief Investment Officer at KIPCO Holding Board Member: <ul style="list-style-type: none">United Real Estate Co.Burgan Bank, TurkeyTunis International Bank. PREVIOUS POSITIONS <ul style="list-style-type: none">Jordan Islamic BankFirst Jordan Investment Co.National International Holding Co.Al Ekhlas Holding Co.Al Buraq Investment Co.Reef Real Estate Finance Co.	CURRENT POSITIONS <ul style="list-style-type: none">Deputy Group Chief Investment Officer at KIPCO Holding Board Member: <ul style="list-style-type: none">United Real Estate Co.Burgan Bank, TurkeyTunis International Bank. PREVIOUS POSITIONS <ul style="list-style-type: none">Jordan Islamic BankFirst Jordan Investment Co.National International Holding Co.Al Ekhlas Holding Co.Al Buraq Investment Co.Reef Real Estate Finance Co.

Roles, Responsibilities, and Duties of the Board Executive Committee are:

ROLES & RESPONSIBILITIES

1) Reviewing the company's performance based on the quarterly management reports in light of the set goals and the estimated budget, measuring performance with results, and studying the impact of future external and internal factors on the company's business.	4) The Chair may approve donations to charities on the Company's donation agenda not exceeding 2 Mln per fiscal year.
2) Choosing and appointing one of the current members of the Company’s Board of Directors or one of its Executive Management team to represent the Company in the membership of the boards of directors of subsidiaries, companies and/or institutions in which the Company participates/contributes.	5) The Chair may approve the grant amounts allocated by the Company to governmental or social activities that not exceeding 2 Mln per fiscal year.
3) The Chair may review and approve any deviation from the approved budget within 5-10% of the total allocated operational budget.	6) The Chair may review and approve the capital and operating expenditures liabilities whose value are below 50 Mln.
	7) Making recommendations to the Board of Directors to take the appropriate resolution regarding capital and operating expenditures that exceed 50 Mln.
	8) Reviewing and making recommendation to the



- Board of Directors to approve all the powers of the Executive Management team except credit powers.
- 9) Reviewing and making recommendations to the Board of Directors to approve settlements of bad debts, including debts that include partial debt forgiveness.
 - 10) Reviewing the annual budget prior to its submission to the Board of Directors.
 - 11) Overseeing the Company’s investment activities and assessing the investment performance.
 - 12) Studying and evaluating the investment opportunities proposed by the Executive Management team, and making appropriate recommendation thereon to the Board, such investment opportunities include:
 - Merger or acquisition of companies, businesses, or assets.
 - Joint ventures, divestitures, or liquidation.
 - Investment in new or existing projects, or expansion of projects owned by the Company.
 - Investment opportunities that the Executive Management team wishes to enter.
 - 13) Approving or rejecting any investment opportunity, proposed by Executive Management team, whose value is equal to or less than Fifty Million Saudi Riyals (50,000,000) per the fiscal year, provided that the justification for the approval or rejection is recorded in the minutes of meeting. The Board shall be notified of the Committee's decisions in this regard.
 - 14) The Committee shall perform such other duties consistent with the Committee’s purpose or that are assigned to it by the Board.

BOARD EXECUTIVE COMMITTEE MEETINGS

During the year, the Committee held four meetings. The attendance of the committee members for these meetings was as follows:

Name	Title	04 th June 2024	16 th Sep 2024	12 th Nov 2024	09 th Dec 2024
Sheikh Sabah M. Al-Sabah	Chairman	✓	✓	✓	✓
Mr. Saied A. Basamh	Member	✓	✓	✓	✗
Mr. Ahmed M. Al-Marzouki	Member	✓	✓	✓	✓
Mr. Ihab I. Osman	Member	✓	✓	✓	✓
Mr. Samer Abbouchi	Member	✓	✓	✓	✓

COMMITTEE DUTIES

- 1) Complying with the provisions of the Companies Law, the Capital Market Law and its implementing regulations, the Company’s Bylaw and other related laws and regulations in exercising his/her duties.
- 2) Refraining from doing or participating in any act that would harm the interests of the Company.
- 3) Conflicts of Interest: Members must avoid situation that led to Conflicts of Interest with the Company. A Conflicts of Interest means that there is a direct or indirect interest to a member in any matter listed on the Committee agenda, and such an interest may (or is believed to) influence the independence of the member’s opinion. If a member has a conflict of interest; he/she must disclose such conflict before starting the discussion of the matter. In such a case, the member must not attend nor participate in the discussion of the matter nor vote thereon, and to be stated in the minutes of meeting.
- 4) Confidentiality: Committee’s members and the secretary must maintain the Confidentiality of the information or documents made available to them. He/She may in no case even if his/her membership is terminated- disclose such information to any individual or entity, nor may he/she use any such information for his/her own personal benefits or that of his/her relatives or third parties.

Executive Management

SENIOR EXECUTIVES PROFILES

“ SADAFCO enjoys an experienced management team, which brings a wealth of knowledge and expertise, having successfully navigated the Fast-Moving Consumer Goods (FMCG) industries for many years. Their deep understanding of market dynamics, consumer trends, and industry best practices enables SADAFCO to make informed decisions, drive innovation, and maintain a competitive edge in the market. With their strategic vision and proven track record, the management team plays a pivotal role in steering SADAFCO towards sustainable growth and delivering exceptional value to its stakeholders.



PATRICK STILLHART
Chief Executive Officer

Patrick joined SADAFCO as its Chief Executive Officer on November 1, 2021. His international career expands more than 23 years in the FMCG industry; 20+ years with Nestlé and 3+ years with DKSH. Besides Switzerland, Patrick has lived and worked in UAE, Malaysia, Indonesia and Singapore.

Proven track record in implementation of commercial strategies, entering new markets and develop/create operational excellence to deliver strategic objectives and transform organisations. A team-player with strong executive presence, capable of inspiring and developing teams and creating an environment of trust, respect and excellence to deliver results beyond expectations. Delivered strong results in challenging environments for complex businesses with revenues close to USD 2 Bln.

Education
Patrick has a Master of Business Administration degree, with major in Marketing, from the University of St. Gallen in Switzerland. He has completed various Executive Leadership programs in Marketing, Sales, Leadership, Innovation, Digital, and Artificial Intelligence & Machine Learning (AI & ML) at several renowned business schools.



SUBIR DHAWAN
 Chief Financial Officer

With over 25 years, he has led teams across several multinational companies driving progressive financial management. He has led the transformation of finance functions across multiple industries. He brings a wealth of financial experience supporting in commercial, supply chain, and manufacturing functions, in both FMCG and pharmaceutical industries.

Before joining SADAFCO, Dhawan has held numerous positions within the region and globally. He managed financial operations, oversaw business strategies, and led teams in dynamic and complex environments at Friesland campina, GlaxoSmithKline, British American Tobacco, and Mars. As a result of these roles, he has gained a comprehensive understanding of the food industry on both a global and local level.

A strong advocate for change and transformation, Dhawan aims to foster a positive, supportive work environment for his team members to grow and develop. His extensive experience working in multinational corporations across multiple geographies makes him culturally flexible and versatile. With a proven record of adapting to new cultures quickly and collaborating effectively with diverse teams, he is able to effectively contribute to teams from different backgrounds.

Education
 He holds a B.A. of Commerce from Pune University, an MBA, and a Chartered Accountant Certification (CA).



SULTAN AHMED ALGHAMDI
 Chief Legal, GRC Officer and Board Secretary

With over 10 years of progressive experience in legal strategy, corporate governance, and compliance, he is an expert in mitigating legal risks and aligning business operations with regulatory requirements, Sultan has successfully overseen critical assurance functions, including legal, governance, compliance, and cybersecurity. His leadership ensures that all organizational activities comply with legal standards, while promoting effective risk management practices and synchrony with global GRC best practices.

As Board Secretary, Sultan Alghamdi provides strategic counsel to the Board of Directors and its subcommittees, ensuring alignment with corporate governance policies and regulatory standards.

A trusted leader and strategic advisor, Sultan is committed to play a key role in integrating legal, compliance, and governance strategies with SADAFCO's wider objectives, contributing to the company's sustainable growth and long-term success.

Education
 Master's degree in Law and Legal Practice from King Abdulaziz University in Jeddah, and a Bachelor's degree in Law from the same University, he also holds several accredited certificates in the field of governance and the secretariat of board affairs and its committees.



BRIAN STRONG
 Chief Transformation Officer

Brian is an accomplished executive serving as the Chief Transformation Officer with a strong focus on sustainability and ESG activities, Brian plays a pivotal role in steering the company towards a more sustainable future. He is passionate about integrating responsible business practices and driving positive impact through strategic initiatives.

As the Chief Transformation Officer, Brian is responsible for leading transformative projects that redefine the company's direction and enhance its competitive edge. He spearheads the introduction of new products and services, leveraging his keen market insights to identify growth opportunities and drive innovation.

With a wealth of experience in supply chain, sustainability and ESG practices, Brian ensures that the company operates in an environmentally conscious and socially responsible manner. He collaborates with cross-functional teams to develop and implement strategies that minimize the company's ecological footprint and contribute to the well-being of the communities it serves.

Brian has recently rejoined the SADAFCO team in November 2020 and brings with him 30 years of FMCG and Retail experience, of which 25 years has been in KSA.

Education
 Bachelor's degree in Business Administration with majors in Marketing and Management from Northwood University in Michigan, USA



TJERK OOSTVEEN
 Chief Supply Chain Officer

With over 25 years of experience in Supply Chain management for leading dairy companies, Oostveen has worked extensively in complex and emerging markets worldwide.

His roles have spanned the End-to-End Supply Chain, encompassing sourcing, production, delivery, and planning of various consumer products such as liquid milk, yoghurt, baby food, milk powders, and cheese.

Prior to joining SADAFCO, Oostveen held the role of Business Group Director Plan & Deliver at FrieslandCampina, overseeing the Asian region. His key achievements included upgrading the manufacturing network, leading to the establishment of two greenfield factories in Malaysia and Indonesia. In Russia, he spearheaded business growth and transitioned the route-to-market network, resulting in improved service levels and significant cost savings. Additionally, Oostveen served as Director of Supply Chain for fresh cheese operations at FrieslandCampina in the Netherlands.

Oostveen currently manages the end-to-end supply chain, supporting growth and cross-functional effectiveness, poised to drive SADAFCO's expansion.

Education
 He holds a Master of Science degree in Industrial Engineering from the Eindhoven University of Technology. During his work he did join several courses like inhouse Dairy Technology trainings, Supply Chain Management at INSEAD and a Leadership program at the IMD in Switzerland. He is fluent in English, Dutch and German and speaks basic Russian and French.



MAJID JIFRI
 Chief Growth Officer

Majed has over 23 years of experience, he has driven corporate transformation, operational excellence, and organizational growth, while spearheading marketing, branding, and business development initiatives across diverse industries.

Majed held pivotal roles in both private and public sectors, including Marketing Director and Commercial Team Leader at Procter & Gamble and Deputy Governor at Saudi Arabian General Investment Authority (SAGIA), where he led regional development and investment attraction efforts. He also provided advisory to senior government leaders, including the Ministers of Labor and the Minister of Economy & Planning.

Education
 Master of Science in Engineering Management from the University of Dayton, USA and a Bachelor of Science in Electrical Engineering from Wright State University, USA.



NADIA MALAIKA
 Chief Human Resource Officer

She has a total of 22 years of experience in various industries. She started her career in corporate banking, where she spent a total of two years and later moved to work for Unilever in marketing for three years. She made a career shift in 2005 when she entered the world of academia and taught marketing in a business college, in addition to managing its career center. She re-joined Unilever in 2011, as part of the HR team where she spent 6 years between various HR functions. She later moved to Consumer Johnson & Johnson as an HR manager, and then worked for Glaxo Smith Kline for a total of 3.5 years as HR manager for the Jeddah and Algeria factory.

An accomplished HR professional with a solid history of achievement in all aspects of the business. Well versed in a variety of Human resource functions such as recruitment, training and business partnering. Skilled in HR Policies, Business Transformation, Organisation Development, Employee Relations, and leadership Development.

Education
 Master's degree from Bournemouth University in Marketing and has gotten her bachelor's degree from King Abdul Aziz University in English literature and linguistics.



JIM VERSTEYLEEN
Vice President, Dairy & Culinary Business Unit

Jim joined SADAFCO in March 2022 as Marketing Director. Jim Versteyleen has 19 years’ experience in FMCG in various commercial and marketing positions at Kraftfoods/Mondelez International.

He started in 2003 in the Sales department of Kraft foods Benelux. Till 2011 he worked in several positions in the field, Key Account, Category Management & Category Business Development departments in different product categories (Chocolate, Biscuits & Cheese and Grocery). Starting in 2012 Jim started working in various senior marketing roles based in Belgium and The Netherlands for the chocolate category and finally leading the Gum & Candy marketing team for the BeNeLux. In 2017 he moved to Madrid and joined the leadership team Iberia where he led for 3 years the Gum & Candy category for Southern Europe (SP/PT/IT/GR) and switched in 2020 to leading the Grocery & Cheese category.

Education
Master in Applied Economics in Antwerp and General Management in Ghent.



UMAR FARRUKH
Vice President, Frozen Business Unit and Chief Sales Officer (A)

Umar is responsible for building a Frozen Organisation within SADAFCO through internal & external benchmarking including front & back-end investments. His responsibilities include crafting a 10-year Ambition and the consequent Business Strategy.

With almost 15 years of experience comprising of general management, marketing and sales, Farrukh specializes in developing & delivering sustainable business growth strategies.

Before joining SADAFCO in June 2019, Farrukh lead different FMCG categories including Ice Cream, Culinary, Powdered Desserts & Spreads at Unilever Pakistan during his 12 years tenure. He contributed with share gains through Advertising, Innovations & Distribution, and turned-around business profitability with E2E Restructuring Programs. As a member of the Marketing Leadership Team at Unilever Pakistan, he led channel expansion through synergies across multiple Foods & Refreshments categories with integrated selling solutions.

Education
Certificate of Achievement - The Business of Artificial Intelligence (London Business School), MBA Marketing (LUMS), B. Sc. Electrical Engineering (U.E.T)



FAHD BACHIR
Vice President, Snacking & Convenience

Fahd brings over 16 years of international experience in sales, business management, marketing, and channel development to his role as Vice President of Convenient Snacking. Renowned for his proven strategic skills and track records in propelling business growth, Fahd has played a pivotal role in shaping successfull ventures within the FMCG sector across geographies.

Before joining SADAFCO, Fahd served as the Country Manager at Upfield, a spin off from the Unilever spreads, fats & oils division and a leading plant based consumer product company worldwide. During his tenure, he successfully led the company launch in the Kingdom by recruiting reliable and sustainable partners and building strong teams.

Education
BBA and Master in corporate finance from the Al Akhawayn University in Morocco. He has also completed the Management Leadership program at the prestigious London Business School in 2017.



HADI ELHAJ
Chief Audit Executive

Hadi serves as the Chief Audit Executive at SADAFCO, bringing over 14 years of professional experience across Saudi Arabia and the Middle East. He has a proven track record of leading transformational initiatives in internal auditing, enterprise risk management, corporate governance, and management consulting.

Prior to joining SADAFCO, Hadi held senior roles at Ernst & Young (EY) and PwC, where he led critical internal audit, governance, risk, compliance, and management consulting initiatives across diverse sectors such as manufacturing, retail, logistics, real estate, and others.

Education
Bachelor’s degree in Business Administration and Management. Additionally, he is a Certified Internal Auditor (CIA) and holds the International Certificate in Enterprise Risk Management (IRMCert) from the Institute of Risk Management



DESCRIPTION OF ANY INTEREST OF THE SENIOR EXECUTIVES AND THEIR RELATIVES IN SHARES OR DEBT INSTRUMENTS OF THE COMPANY

	Name	1 st January 2024	31 st December 2024	Change (+/-)
1.	Mr. Patrick Stillhart	500	0	-500
2.	Mr. Subir Dhawan	0	0	-
3.	Mr. Sultan Alghamdi	1	1	-
4.	Mrs. Nadia Malaika	10	10	-
5.	Mr. Brian Strong	0	0	-
6.	Mr. Jim Versteyleen	0	0	-
7.	Mr. Umar Farrukh	1150	0	-1150
8.	Mr. Tjerk Oostveen	0	0	-
9.	Mr. Fahd Bachir	0	0	-
10.	Mr. Majid Jifri	0	0	-
11.	Mr. Hadi Elhaj	0	0	-

Declarations:
1) There is no interest of the Senior Executives’ relatives, spouses and children in the shares of the Company or any of its Subsidiaries.
2) There is no interest of the Senior Executives’ and their relatives, spouses and children in the debt instruments of the Company or any of its Subsidiaries.

Details of Compensation and Remuneration

A. BOARD MEMBERS REMUNERATION FROM ITS APPOINTMENT AT 01ST APRIL 2024 UNTIL THE END OF THE FISCAL YEAR ON 31ST DECEMBER 2024

	Fixed Remuneration (١٠٠٠)							Variable Remuneration (١٠٠٠)							
	A certain amount	Attendance allowance for board meetings	Total Committees attendance allowance	In-kind benefits	Details of board members earnings as workers or administrative or other earnings for technical, administrative and consultant services or technical services	Remuneration of Chairman or Managing Director or BOD Secretary if he is a member	Total	% of profit	Periodic Remuneration	Short term motivational plans	Long term motivational plans	Given Shares (value)			
Independent Members															
Mr. Hani Sabb	400,000						400,000								400,000
Mr. Ihab Osman	400,000		224,000				624,000								624,000
Mr. Esam Al-Thukair	400,000		109,000				509,000								509,000
Total	1,200,000		333,000				1,533,000								1,533,000
Non -Executive Members															
Shk. Hamad Al-Ahmad	400,000						400,000								400,000
Mr. Saied Basamh	400,000		109,000				509,000								509,000
Shk. Sabah Al-Sabah	400,000		227,000				627,000								627,000
Mr. Faisal Al-Ayyar	400,000						400,000								400,000
Mr. Ahmed Marzouki	400,000		221,000				621,000								621,000
Total	2,000,000		557,000				2,557,000								2,557,000
Executive Members															
Mr. Mussad Nassar	400,000				1,135,427		1,535,427						53,158		1,588,585
Total	400,000				1,135,427		1,535,427						53,158		1,588,585

B. BOARD COMMITTEES REMUNERATION FROM ITS APPOINTMENT AT 01ST APRIL 2024 UNTIL THE END OF THE FISCAL YEAR ON 31ST DECEMBER 2024

Remuneration for Audit Committee

Member	Fixed Remuneration	Attending Allowance	Total (١٠٠٠)
1. Shk. Sabah Al Sabah	100,000	15,000	115,000
2. Mr. Ihab Osman	100,000	12,000	112,000
3. Mr. Mickey Zacharia	100,000	15,000	115,000
4. Mr. Mohammed Sobh	100,000	15,000	115,000
5. Mr. Moustapha Chami	100,000	15,000	115,000
Total	500,000	72,000	572,000

Remuneration for Nomination & Remuneration Committee

Member	Fixed Remuneration	Attending Allowance	Total (١٠٠٠)
1. Mr. Esam Al Thukair	100,000	9,000	109,000
2. Mr. Ahmed Marzouki	100,000	9,000	109,000
3. Mr. Ahmed Zahran	100,000	9,000	109,000
Total	300,000	27,000	327,000

Remuneration for Board Executive Committee

Member	Fixed Remuneration	Attending Allowance	Total (١٠٠٠)
1. Shk. Sabah Al Sabah	100,000	12,000	112,000
2. Mr. Saied Basamh	100,000	9,000	109,000
3. Mr. Ahmed Marzouki	100,000	12,000	112,000
4. Mr. Ihab Osman	100,000	12,000	112,000
5. Mr. Samer Abbouchi	100,000	12,000	112,000
Total	500,000	57,000	557,000

C. SENIOR EXECUTIVES REMUNERATION*:

The below table details the total remuneration paid to the top five senior executives (including the CEO and CFO), of which are not board members, during the financial year ended 31st December 2024:

	Fixed Remuneration (£)				Variable Remuneration (£)				End of Service benefit	Total Remuneration of BOD Executive if any	Total (£)
	Salaries	Allowances	In-kind Benefits	Total	Periodic Remuneration Dividends	Short Term Plan Incentives	Long Term Plan Incentives	Given Shares (Value)			
No. of staff (6)	5,761,605	2,480,367		8,241,972		3,518,224	381,109	3,899,333	482,279		12,623,584
Total	5,761,605	2,480,367		8,241,972		3,518,224	381,109	3,899,333	482,279		12,623,584

*SADAFCO 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 90 of the Corporate Governance Regulations issued by CMA, but to protect the interests of the Company, its shareholders and employees, and to avoid any damage that may occur as a result of disclosing the detailed senior executives’ remuneration by position, the Company did not disclose the details as per Appendix (1) of the CG Regulations.’ remuneration by position, the Company did not disclose the details as per Appendix (1) of the CG Regulations.

D. REMUNERATION POLICY FOR BOARD OF DIRECTORS, COMMITTEES AND EXECUTIVE MANAGEMENT

First: Objectives

This Remunerations & Compensations of the Board Members, Committees and Executive Management Policy has been prepared to comply with Article 58(1) of the Corporate Governance Regulations Issued by the Board of the Capital Market Authority, and amended by Resolution of the Board of the Capital Market Authority Number 8-5-2023 Dated 25/6/1444H Corresponding to 18/1/2023G, which stipulated that the Remuneration and Nomination Committee shall “preparing a clear policy for the remunerations of the Board members and its committees and the Executive Management, and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that linked to performance, and disclosing and ensuring the implementation of such policy”.

This Policy aims at attracting persons with academic, technical, administrative qualifications, retaining and training them to perform their duties professionally and effectively to commensurate with the company’s activities and purposes. In addition, it aims at setting clear and specific standards and conditions explaining

to shareholders the Company’s terms, conditions, and procedures for granting remunerations to the members of the Board of Directors, Committees, and Executive Management.

Second: Rules & Standards of Remunerations & Compensations

Without prejudice to the provisions of the Companies’ Law, Capital Market Authority Regulations, and their Executive Regulations, and the Corporate Bylaw, remuneration policy shall take into account the following:

- To be consistent with the Company’s strategy, objectives, and required skills of the Company management, provided that it shall be fair and commensurate with member’s scope of specialty, the duties and responsibilities performed by the Board members, and the objectives designated by the Board to be achieved during the financial year.
- To provide remuneration in order to encourage the members of the Board of Directors and the Executive Management to achieve the success of the Company and its long-term development, by for example making the variable part of the remuneration linked to the long-term performance.

- To determine remuneration based on job level, duties and responsibilities, educational qualifications, practical experiences, skills, and level of performance.
- To be consistent with the magnitude, nature and level of risks faced by the Company.
- To take into consideration other companies’ practices in determining remunerations, and avoid the disadvantages of such comparison in leading to unjustifiable increases of remunerations and compensations. The remunerations of the Board of Directors’ members may vary based on the members’ experiences, duties, and number of sessions attended.
- To attract talented professionals, retain and motivate them without exaggeration.
- Such remuneration shall be reasonably sufficient for attracting, motivating, and retaining qualified and experienced members.
- Such remuneration shall be prepared in coordination with the Nomination and Remuneration Committee for new appointments, and based on the recommendation of the Nomination and Remuneration Committee.
- To take into consideration the company scope of business, magnitude, and the experiences of its Board of Directors members.
- To suspend or reclaim remuneration when determined that such remunerations were set 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.
- In case of regulating the grant of Company's shares to the Board members and the Executive Management, whether newly issued or purchased by the Company, such action is supervised by the Nomination and Remuneration Committee and shall follow the Corporate Bylaw and the related regulations and policies of Capital Market Authority.

Third: The Remunerations of the Board Members

- The Remuneration and Nomination Committee shall submit a recommendation to the Board of Directors regarding the remuneration of the Board members. The Board of Directors shall

- propose the amount of the remuneration to the general assembly to determine the amount of the remuneration.
- The remuneration of the Board of Directors’ members consists of a certain amount of money, attendance allowance, in kind, or a percentage of net profit two of the mentioned benefits may be combined together. The member is entitled to the remuneration from the effective date of membership.
- The Board report to the Ordinary General assembly shall be comprehensive, including all benefits received by the members during the financial year, remunerations, expense allowances etc., the cash received by members, as employees and executives, or as per their exerted efforts including their technical, administrative, and consulting performances. In addition, the report shall include, the number of sessions attended by every member from the last date of the General Assembly meeting, pursuant to the Companies Law, Capital Market Authority Regulations and its Executive regulations.
- The remunerations of the independent members of the Board shall not be a percentage of the achieved Company’s incomes, or based, directly or indirectly, on the Company’s profitability.
- Remunerations may vary as per the member’s experience, specialty, duties, independence, and the number of sessions attended along with other considerations.
- The Board of Directors may not vote for the remuneration article of the Board’ members during the Shareholders General Assembly.
- A member of the Board may receive a remuneration or salary for any additional executive, technical, administrative, or consulting performances assigned by the Company, in addition to the received remuneration as a member of the Board and its committees as per the Companies Law, the Corporate Bylaw, CMA Regulations and its Executive regulations.
- Remunerations in form of shares may be granted for the Board of Directors members after meeting the bylaws and procedures in this regard.
- The Company shall cover the cost of traveling ticket for members living outside Jeddah city.

10. The Company shall cover the cost of five star hotels stay and tickets, whenever the meeting is convened outside Jeddah city.
11. All round trip tickets for members shall be on the First and Business classes.

Fourth: Remunerations of Committees

The Policy of each Committee shall include the remunerations pertained to its members.

Fifth: Remunerations of the Executive Management

The remuneration of the Executive Management includes:

1. Basic monthly salary to be paid at the end of every Gregorian month.
2. Allowances, including but not limited to, housing allowance or providing residence, transportations allowance or providing a car, telephone allowance, and children education allowance.
3. Insurance advantages, including but not limited to, medical insurance, and life insurance.
4. Fixed remunerations and compensations as per contracts of labor with senior executives. They may receive annual remunerations based on the performance assessment and the achievement of the annual results of the Company specified by the Board. The assessment of the senior executives is mainly based on their professional performance during the year and their achievement of the company's strategic goals.
5. Other advantages, including but not limited to, annual leave, annual airway travel tickets, and end of service remuneration.

Sixth: Revision and Enforcement

1. Remuneration and Nomination Committee is specialized in the periodical revision of this policy, assessing effectiveness in achieving its purposes. This policy is subject to periodical

updating and revision when needed, by the Remuneration and Nomination Committee. Any suggested amendments shall be presented by the committee to the Board. The Board will analyse and revise these amendments and submit recommendations for the approval of the Shareholders General Assembly.

2. This Policy will be effective and enforceable from the date of its approval by the Company Shareholders General Assembly.
3. Texts or rules, whatsoever, not stated in this Policy, will be subject to the application of the Saudi Companies’ Law, the Capital Market Authority and its Executive Regulations and decisions issued by the concerned bodies.
4. This Policy has been drawn in Arabic and English texts. In case of any discrepancy or misinterpretation, the Arabic text shall prevail. This Policy will be published, after an approval by the Shareholders General Assembly, in the company website or via any other means for enabling the shareholders, the public and the stakeholders to review it.

Relation Between the Paid Remuneration and Compliance:

The remuneration is paid to the members of the Board of Directors, the members of the board committees and senior executives, that is shown in the related tables in this report, in accordance with the “Remuneration Policy for Board of Directors, Committees and Executive Management” approved by the Shareholders General Assembly and based on the recommendation of the Nomination and Remuneration Committee. Knowing that there was no deviation in the remuneration payment from the policy.

Subsidiaries and Affiliates

SADAFCO owns shares in subsidiary companies to help achieve its targets and distribute its products as mentioned below:

	Company	Main Activity	Country	Paid Up Capital	Number of Shares	Ownership (%)
1.	SADAFCO Bahrain Co.	Import, Sale and Distribution of Dairy & Foodstuff.	Bahrain	BD 50,000	500	100%
2.	SADAFCO Kuwait Foodstuff Co. (*)	Import, Sale and Distribution of Dairy & Foodstuff.	Kuwait	KD 50,000	100	49%
3.	SADAFCO Jordan Foodstuff Co.	Import, Sale and Distribution of Dairy & Foodstuff.	Jordan	JD 250,000	250,000	100%
4.	Mlekoma Sp. z.o.o.	Manufacturing of Dairy Products	Poland	PLN 8,728,000	17,456	100%
5.	SADAFCO Qatar Co. (Under Liquidation)	Import, Sale and Distribution of Dairy & Foodstuff.	Qatar	QR 1,500,000	1,500	75%

All subsidiaries are limited liability companies.

* Remaining equity interest is beneficially held through parties nominated by the Company.

None of the above mentioned Subsidiaries have any debt instruments issued.

Shareholders Register Applications

The below table summarizes the number and dates of Shareholders Register applications requested by the Company and the reasons for that during the fiscal year ended on 31st December 2024:

No. of Request	Date of Request	Reason
1	26 th February 2024	Shareholders General Assembly
2	28 th February 2024	Dividend Distribution
3	06 th May 2024	Shareholders General Assembly
4	14 th May 2024	Dividend Distribution
5	18 th September 2024	Dividend Distribution
6	09 th December 2024	Shareholders General Assembly

Major Shareholders Owning 5% or More and Changes During the Financial Year

	Name	Number of Shares on 1 st January 2024	Number of Shares on 31 st December 2024	Percentage Ownership on 1 st January 2024	Percentage Ownership on 31 st December 2024	Change (+/-)
1	Kuwait Investment Projects Co (KIPCO)	13,036,461	13,036,461	40.11%	40.11%	-
2	Al-Samh Trading Co Ltd	3,798,008	3,798,008	11.68%	11.68%	-

Declaration:
Regarding the declaration of movements in major shareholders’ ownership in accordance with listing rules, the Company confirms that it has not received any written notification during the fiscal year ended on

31st December 2024 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 31st December 2024.

Dividends

DIVIDENDS DISTRIBUTION POLICY

The Dividend Distribution Policy is prepared as per the requirements of Article (9) of Corporate Governance Regulations, Companies Law and SADAFCO’s Bylaws.

First: Payment Date of Dividends

The Company shall execute the General Assembly resolution, or the Board resolution regarding distribution of dividends to the registered shareholders who owned shares on the eligibility date within 15 days from the due date determined in the General Assembly resolution, or Board resolution for distributing interim dividends.

Second: Dividends Distribution Announcement

- Announcement for the Distribution of Interim Dividends: The company is obliged to make a prompt disclosure and announcement on Tadawul, whenever a resolution is made by the Board for the distribution of interim dividends on a biannual or quarterly basis.
- Announcement for the Distribution of Annual Dividends:

The Company shall present a recommendation for the distribution of annual profits to the General Assembly of Shareholders for voting whenever

the Board decides. This will be promptly disclosed and announced on the Tadawul website.

The announcement must adhere to the Instructions for Companies Announcements set forth by the Capital Market Authority.

Third: Dividends Distribution

The Company may distribute interim dividends to its shareholders on a biannual or quarterly basis after fulfilling the following legal requirements:

- The issuance of annual resolution by the General Assembly authorizing the Board to distribute interim dividends.
- The Company shall enjoy regular positive profitability.
- The Company shall enjoy reasonable liquidity, and able to reasonably foresee the scale of its profits.
- The Company shall have distributable profits based on the latest audited financial statements. These profits shall be sufficient to cover the proposed dividend distribution, after deducting the amounts distributed or capitalized as dividends, after the date of these financial statements. In addition to any official requirements that may be requested by any of the concerned bodies in KSA.

Fourth: Profit Distribution Factors

The implementation of this Policy depends on various factors that impact the profit distribution mechanism, including:

- Any significant changes in the Company's strategy and operations, including the business environment in which it operates.
- Any substantial changes in laws, regulations, legislation, and related controls.
- Any obligations or commitments that impose restrictions on dividend distributions.

Fifth: Unreceived Profits

Any shareholder who has not received profits from the Company may inquire about their unreceived profits by reaching out to the Company’s Investor Relations Department via email address: investors.relations@SADAFICO.com or through any inquiry method designated by the Company, and can claim the outstanding profits.

Sixth: Eligible Shareholders for Dividends

The entitlement of receiving dividends is for shareholders who owned shares in the due date specified in the Board resolution to distribute biannual

or quarterly basis interim dividends, which will be announced on Tadawul. Alternatively, it is for those who owned the shares at the end of trading day of AGM meeting, and AGM approval to distribute annual dividends. The resolution shall highlight the entitlement and distribution dates, provided that this resolution shall be implemented in accordance with the stated rules and procedures issued for the implementation of the Bylaws of the listed joint stock companies.

Seventh: Revision and Enforcement

- The Board shall revise the content of this policy, as may be necessary.
- This policy will be effective and enforceable after the approval of the Board.
- Texts or rules, whatsoever, not stated in this policy, will be subject to the application of the Saudi Corporates’ Law, its regulations, Capital Market Authority law and its executive regulations, the Company Bylaws and resolutions issued by the concerned bodies.
- This Policy has been drawn in Arabic and English texts. In case of any discrepancy or misinterpretation, the Arabic text shall prevail.

DIVIDENDS DISTRIBUTION FOR THE FINANCIAL YEAR 2024

	1 st Half Year Dividend	2 nd Half Year Dividend	Total Dividend
%	60%	90%	150%
Total (٬ Mln)	~ 192.00	~ 288.00	~ 480.00



Annual Review of Internal Controls Effectiveness

The IA department reviews the adequacy, efficiency and effectiveness of internal controls, risk management and governance processes to ensure their effectiveness, through annual plan throughout the year, as approved by the board of directors (the “Board”). The Board also ensures that management is acting on reported issues and managing risks systemically, which will lead to controls enhancement.

Based on the work of the internal auditors and the conclusions contained in their audit reports issued during the current period and management’s representation with respect to the effectiveness of the company’s internal and financial control systems, no major control issues have been noted and thus the Board believes that these systems are effectively run.

Related Party Transactions

The Company enters into transactions with related parties using the same criteria applied to all other parties and under the best terms of trade. Related Parties are defined as SADAFCO Board Members, Major Shareholders and Senior Executives or any of

their first-degree relatives, in line with the regulations and guidelines of the CMA Corporate Governance Regulations and Companies’ law in this regard. Transactions with these parties require disclosure. Below are the related party transactions.

Company Name	Country	Nature of Transaction	Value (ټ Mln)	Closing Balance (ټ Mln)
Buruj Co-Op Insurance Co.	KSA	Insurance Services	9,582,350	(1,068,050)

SADAFCO entered into an Agreement with Buruj Cooperative Insurance Co. (offering insurance services) as its offer was the most suitable in terms of the price and benefits without preferential terms. Mr. Ahmed Al Marzouki is the Vice Chairman of Buruj Cooperative

Insurance Co. and Board member of SADAFCO. The total value of these transactions for the year from 01-01-2024 to 31-12-2024 had a total value of ټ 9,582,350. (Indirect interest).

Company Name	Country	Nature of Transaction	Value (ټ Mln)	Closing Balance (ټ Mln)
PKC Advisory	India	Consultation Services	1,758,723	-

SADAFCO has a Consultancy Agreement with PKC Advisory for various business advisory services, as their offer was the most suitable in terms of price and benefits without preferential terms. Since PKC Advisory is subsidiary of the Kuwait Investment Projects Company (KIPCO) Group, and we, Hamad Sabah Al Ahmed, and Mr. Faisal Hamad Al-Ayyar serve as the

Chairman and Board member of SADAFCO and as the Chairman and Board member of KIPCO, respectively. Additionally, Sheikh Sabah Mohammed Al-Sabah is a Board member of SADAFCO and a member of KIPCO's executive team. The total value of these transactions for the year from 01-01-2024 to 31-12-2024 had a total value of ټ 1,758,723 (Indirect interest).

Company Name	Country	Nature of Transaction	Value (ټ Mln)	Closing Balance (ټ Mln)
Alternative Energy Project Co.	Kuwait	Solar Project of JCW	125,062	17,866

SADAFCO has an Agreement with Alternative Energy Projects Company (AEPC) on 14th February 2021 to Supply, install, test, commissioning of and operation & maintenance for Solar Rooftop Photovoltaic Energy System at Central Warehouse located in Jeddah, KSA until the full completion of the Project with a total amount ټ 4,620,000 in instalments based on completion, since Alternative Energy Projects Company (AEPC) is subsidiary of Kuwait Investment Projects

Company (KIPCO) Group, and we, Hamad Sabah Al Ahmed, and Mr. Faisal Hamad Al-Ayyar serve as the Chairman and Board member of SADAFCO and as the Chairman and Board member of KIPCO, respectively. Additionally, Sheikh Sabah Mohammed Al-Sabah is a Board member of SADAFCO and a member of KIPCO's executive team. The total value of these transactions for the year from 01-01-2024 to 31-12-2024 had a total value of ټ 125,062 (Indirect interest).

Company Name	Country	Nature of Transaction	Value (ټ Mln)	Closing Balance (ټ Mln)
Specialized Food Services Co. (SFS)	KSA	Distribution of foodstuff to retail stores, hotels, restaurants and catering customers	1,894,106	(320,602)

SADAFCO entered into an Agreement with Specialized Food Services Co. (SFS) for the distribution of specific SADAFCO products in the Foodservice channel as its offer was the most suitable in terms of the price and benefits without preferential terms. Noting that Mr.

Saied Ahmed Saied Basamh, the Vice-Chairman of SADAFCO, has ownership in SFS. The total value of these transactions for the year from 01-01-2024 to 31-12-2024 had a total value of ټ 1,894,106 (Indirect interest).

Competition Activities

Information relating to any competing business with the Company or any of its activities that any member of the Board is engaging in or was engaging in such competing businesses

Board Member Name	Competitor Name	Nature of the Activity	Member Status	Competition Nature
Mr. Saied Ahmed Saied Basamh	1. Basamh Group of Companies	Distribution of foodstuff to retail stores.	- Ownership - Board Membership	Indirect
	2. Saudi Goody Products Marketing Co. Ltd	Owner of a trademark for foodstuff.	Ownership	Indirect
	3. Saudi Specialized Food Services Co. (SFS) Ltd	Distribution of foodstuff to retail stores, hotels, restaurants and catering customers.	Ownership	Indirect
	4. Basamh Industrial Co. Ltd	Manufacturing and Owner of a trademark for foodstuff.	- Ownership - Board Membership	Indirect
	5. Refined Food Co.	Manufacturing and Owner of a trademark for foodstuff.	- Ownership	Indirect

Major Decisions and Future Plans

The Company continues to invest in future growth and is continuously evaluating new opportunities. Any concrete development will be announced as and when necessary.

Buyback of Treasury Shares

No. of Shares	Value	Date of Purchase	Details of Use
500,250	ﷲ 51.6 Mln	19, 26, 27 & 28 Feb 2019	Treasury Shares



Financial Instruments Risk Management Objective and Policies

The Group’s principal financial liabilities comprise trade and other payables, accrued expenses and other liabilities, dividend payables, due to related parties and lease liabilities. The Group’s principal financial assets include Trade receivables, cash and cash equivalent, other receivables and investments. The carrying amounts of the Group’s financial instruments are reasonable approximations of fair values.

RISK MANAGEMENT FRAMEWORK

The Group is exposed to market risk, credit risk and liquidity risk. The Group’s senior management oversees the management of these risks. The Group’s senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group’s senior management that the Group’s financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group’s policies and risk objectives. The Board of Directors reviews and agrees on policies for managing each of these risks, which are summarized below:

MARKET RISK

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the returns. Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market profit rates or the market prices of securities due to changes in the credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises three types of risks: interest rate risk, currency risk, and other price risk such as equity price risk.

The sensitivity analyses in the following sections relate to the position as of December 31, 2024 and December 31, 2023.

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 position and cash flows. The Group manages the interest rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments. At December 31, 2024 and December 31, 2023, the Group does not have any borrowings, and accordingly, no interest rate risk sensitivity is presented. Interest-bearing financial assets comprise of short term murabaha deposits and long-term investments in sukuks certificates which are at fixed interest rates; therefore, they have no material exposure to cash flow interest rate risk and fair value interest rate risk.

CURRENCY RISK

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group’s functional and reporting currency is in Saudi Riyals. The Group’s transactions are principally in Saudi Riyals. Management monitors the fluctuations in currency exchange rates and believes that the currency risk is not significant. The Group is not exposed to any significant foreign currency risk from Saudi Riyals, and US Dollars denominated financial instruments. However, the Group has investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. Currently, such exposures are mainly related to exchange rate movements between local currencies against Bahraini Dinars, Polish Złoty, Kuwaiti Dinars, Jordanian Dinars, and Qatari Riyals. The Group’s management monitors such fluctuations and manages its effect on the consolidated financial statements accordingly.

PRICE RISK

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from special commission rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or it’s issuer, or factors affecting all similar financial instruments traded in the market. The Group does not have any financial instruments which are subject to other price risk.

CREDIT RISK

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group manages credit risk by assessing the credit worthiness of counter parties before entering into transactions as well as monitoring any outstanding exposures on a periodic basis to ensure timely settlement. Credit risk arises from cash and cash equivalents, trade receivables, investments and other receivables.

TRADE RECEIVABLES

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures, and controls relating to customer credit risk management. The credit quality of the customer is assessed based on a set of qualitative and quantitative factors, and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and provided that are considered doubtful of recovery. At each reporting date, the Group assesses whether trade receivables carried at amortised cost are credit impaired. A trade receivable is 'credit-impaired' when one or more events that have detrimental impact on the estimated future cash flows of the trade receivables have occurred. A trade receivable that has been renegotiated due to deterioration in the customer's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. At December 31, 2024, the Group had five customers that accounted for approximately 43% (December 31, 2023: 48%) of total outstanding trade receivable. Trade receivables outstanding balance comprises 82% (December 31, 2023: 84%) in KSA, 0.2% (December 31, 2023: 7%) in GCC (other than KSA) and 17.8% (December 31, 2023: 9%) in other countries. Due to short term nature of the trade receivable, their carrying amount is considered to be the same as their fair value. The requirement for impairment is analysed at each reporting date on an individual basis for major customers. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. Where recoveries are made, these are recognised in the

consolidated statement of profit or loss. The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery.

CASH AND CASH EQUIVALENTS AND INVESTMENTS

Credit risk from balances with banks and investments is managed in accordance with the Group's policy. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis and may be updated throughout the period. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments. The Group deals with reputable banks with investment grade credit ratings and the credit quality of the cash and cash equivalents and investments can be assessed by reference to external credit ratings.

The cash and cash equivalents and investments are treated under stage 1 and are held with bank and financial institution counterparties, which are rated A1 to A2, based on Moody's credit ratings.

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. This includes consideration of future cashflow forecasts, prepared using assumptions about the nature, timing and amount of future transactions, planned course of actions and other committed cash flows that can be considered reasonable and achievable in the circumstances of the Group. The Group monitors its liquidity risk by regular working capital excess/shortage assessment and ensuring that it has adequate liquidity to fund its day-to-day operations. Where necessary, the Group may enter into borrowing facilities with banks in order to ensure continued funding of operations.

Penalties and Sanctions

No penalties have been imposed on the Company by the Capital Market Authority during the fiscal year 2024.

Declarations

Board of Directors declares and confirms the following:

1. Its accounts have been prepared in accordance with correct procedures.
2. The internal auditing has been prepared on a sound basis and has been implemented effectively.
3. There is no doubt about its ability to continue its operations.
4. There are no outstanding loans or dues on the Company.
5. The Company is fully committed to adhere to the rules and regulations stipulated in the Company's by-laws, Companies Law and other relevant ministerial resolutions and Company Law.
6. None of the BOD members and Senior Executives, including the CEO and CFO, their spouses or children owns any shares in affiliate companies; and no contracts were issued where any of them had a material interest other than those transactions disclosed in this Board Report.
7. No loans were made to any Board Member; SADAFCO has not guaranteed any loans made by any Board or Senior Executives.
8. No shareholder waived his/ her rights to dividends or other material benefits and none of the Board of Directors and Senior Executives waived their right to receive any salary or compensation.

9. All the shares are common stock with equal voting and other rights in accordance with the law. There are neither preferential shares nor shares with special voting rights outstanding; whether for shareholders, board members, Senior Executives, their relatives or its employees.
10. Following the review and audit of the consolidated financial statements by KPMG, it was reported that SADAFCO's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organisation for Certified Public Accountants ("SOCPA"). The External Auditors' report was issued without reservation. The consolidated financial statements were found to be a true and fair reflection of the SADAFCO's financial position and in line with the requirements of Companies' law and SADAFCO Bylaws.
11. There is no transaction in the nature of a bargain between the company and any related party.
12. The Company does not implement any stock options and has not issued any convertible debt instruments.
13. The Company has not set up any reserves or investments for the benefit of its employees.
14. The Company did not acquire treasury shares during the financial year.
15. The company nor any of its affiliates do not have any redeemable debt instruments.
16. No convertible debt instruments, contractual securities, warrants or any similar rights issued or granted by the Company, nor has the Company received any compensation.
17. No conversion or subscription rights under convertible debt instruments, contractual securities or warrants issued or granted by the Company.



03

FINANCIAL STATEMENTS

▪ Independent Auditor's Report	1-4
▪ Consolidated Statement of Financial Position	5
▪ Consolidated Statement of Profit or Loss	6
▪ Consolidated Statement of Comprehensive Income	7
▪ Consolidated Statement of Changes in Equity	8
▪ Consolidated Statement of Cash Flows	9
▪ Notes to the Consolidated Financial Statements	10-65

2024



SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2024
with
INDEPENDENT AUDITOR’S REPORT

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2024

	Pages
Independent auditor’s report	1 – 4
Consolidated statement of financial position	5
Consolidated statement of profit or loss	6
Consolidated statement of comprehensive income	7
Consolidated statement of changes in equity	8
Consolidated statement of cash flows	9
Notes to the consolidated financial statements	10 – 65



KPMG Professional Services Company

Zahran Business Center
Prince Sultan Street
P. O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

مركز زهران للأعمال
شارع الأمير سلطان
ص. ب. 55078
جدة 21534
المملكة العربية السعودية
سجل تجاري رقم ٤٠٣٠٢٩٠٧٩٢

المركز الرئيسي في الرياض



Independent Auditor's Report

To the Shareholders of Saudia Dairy and Foodstuff Company (SADAFCO) (continued)

Key Audit Matters

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

Expected credit losses for trade receivables

Refer to Note 3 for the accounting policy and Note 11 of the consolidated financial statements.

Key audit matter	How our audit addressed the Key audit matter
<p>As at December 31, 2024, the gross trade receivables balance was Saudi Riyals 315.2 million (December 31, 2023: Saudi Riyals 297.85 million), against which an allowance for impairment loss of Saudi Riyals 25.98 million (December 31, 2023: Saudi Riyals 29.02 million) was maintained.</p> <p>The Group assesses at each reporting date whether the trade receivables (carried at amortized cost) are credit impaired. Consequently, it measures impairment allowances based on the Expected Credit Loss (ECL) model as required in International Financial Reporting Standard 9 ("Financial Instruments") ("IFRS 9").</p> <p>The ECL model involves the use of various assumptions and historical trends.</p> <p>We considered this as a key audit matter due to the judgements and estimates involved in the application of the ECL model and the impact on the trade receivables balance.</p>	<p>Our audit procedures related to expected credit losses for trade receivables included:</p> <ul style="list-style-type: none">– Obtained an understanding of the management's process for determining the Impairment of trade receivables and the ECL allowance;– Evaluated the Group's accounting policy and methodology for ECL allowance with the requirements of IFRS 9;– Involved our internal valuation specialist to assess the methodology used in the ECL model, developed by the management.– Tested the accuracy of trade receivables aging on sample basis, as at 31 December 2024 which is used in the preparation of ECL model; and– Assessed the adequacy of the disclosures included in the accompanying consolidated financial statements in accordance with relevant accounting standards.

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.

Independent Auditor's Report

To the Shareholders of Saudia Dairy and Foodstuff Company (SADAFCO) (continued)

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

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

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

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

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

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.

Independent Auditor's Report

To the Shareholders of Saudia Dairy and Foodstuff Company (SADAFCO) (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 Saudia Dairy and Foodstuff Company (SADAFCO) ("the Company") and its subsidiaries ("the Group").

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

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

For KPMG Professional Services Company


Abdullah Oudah Althagafi
License No. 455

Jeddah, March 19, 2025
Corresponding to Ramadan 19, 1446H



SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	December 31, 2024	December 31, 2023
Assets			
Property, plant and equipment	6	994,364	895,764
Right-of-use assets	7	52,558	62,483
Intangible assets	8	8,814	6,170
Other non-current assets		--	6,620
Long term investments	9	87,138	38,000
Non-current assets		1,142,874	1,009,037
Inventories	10	456,242	430,252
Trade receivables	11	289,223	268,838
Prepayments and other receivables	12	73,110	58,507
Short term investments	13	222,752	674,056
Cash and cash equivalents	14	467,796	349,340
Assets held for sale	5	--	1,205
Current assets		1,509,123	1,782,198
Total assets		2,651,997	2,791,235
Equity			
Share capital	15	325,000	325,000
Statutory reserve		--	162,500
Other reserve	15	--	366,811
Treasury shares reserve	15	(51,559)	(51,559)
Foreign currency translation reserve	15	(17,149)	(11,570)
Retained earnings		1,550,958	1,110,349
Equity attributable to owners of the Company		1,807,250	1,901,531
Non-controlling interests		--	304
Total equity		1,807,250	1,901,835
Liabilities			
Employee benefit obligations	16	158,487	154,054
Lease liabilities - non-current portion	7	43,225	50,561
Non-current liabilities		201,712	204,615
Trade and other payables		252,108	322,152
Accrued expenses and other liabilities	17	351,810	315,693
Due to related parties	27	18	1,944
Lease liabilities - current portion	7	10,049	13,472
Dividends payables		4,715	3,697
Accrued Zakat and income tax	18	24,335	27,827
Current liabilities		643,035	684,785
Total liabilities		844,747	889,400
Total equity and liabilities		2,651,997	2,791,235

The notes from 1 to 36 form part of these consolidated financial statements.

Mussad Abdullah Al Nassar
Member Board of Directors

Patrick Othmar Stillhart
Chief Executive Officer

Subir Swarajya Dhawan
Chief Financial Officer

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	For the year ended December 31, 2024	For the nine- month period ended December 31, 2023
Revenue	19	2,962,882	2,111,480
Cost of sales	20	(1,904,315)	(1,360,810)
Gross profit		1,058,567	750,670
Selling and distribution expenses	21	(483,765)	(304,566)
General and administrative expenses	22	(111,789)	(91,492)
Impairment reversal / (loss) on trade receivables	11	3,039	(1,246)
Other income		2,210	1,866
Other expenses	23	--	(15,901)
Operating profit		468,262	339,331
Finance income	24	49,687	32,705
Finance costs	25	(10,887)	(22,905)
Net finance income		38,800	9,800
Share of profit of equity accounted investee, net of tax		--	729
Profit before zakat and income tax		507,062	349,860
Zakat and income tax	18	(23,899)	(24,878)
Profit for the year / period		483,163	324,982
Profit for the year / period attributable to:			
Owners of the Company		483,687	327,619
Non-controlling interests		(524)	(2,637)
		483,163	324,982
Earnings per share:			
Basic and diluted earnings per share attributable to owners of the Company (Saudi Riyals)	26	15.12	10.24

The notes from 1 to 36 form part of these consolidated financial statements.

Mussad Abdullah Al Nassar
Member Board of Directors

Patrick Othmar Stillhart
Chief Executive Officer

Subir Swarajya Dhawan
Chief Financial Officer

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	For the year ended December 31, 2024	For the nine- month period ended December 31, 2023
Profit for the year / period		483,163	324,982
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Foreign operations – foreign currency translation difference		(5,579)	(1,143)
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	16	3,611	(1,552)
Other comprehensive loss for the year / period		(1,968)	(2,695)
Total comprehensive income for the year / period		481,195	322,287
Total comprehensive income for the year / period attributable to:			
Owners of the Company		481,719	324,898
Non-controlling interests		(524)	(2,611)
		481,195	322,287

The notes from 1 to 36 form part of these consolidated financial statements.

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Attributable to owners of the Company						Non- controlling interests	Total equity
	Share capital	Statutory reserve	Other reserve	Treasury shares	Foreign currency translation reserve	Retained earnings		
Balance at April 1, 2023	325,000	162,500	334,049	(51,559)	(10,401)	893,577	22,381	1,675,547
Profit for the period	--	--	--	--	--	327,619	(2,637)	324,982
Other comprehensive loss / income	--	--	--	--	(1,169)	(1,552)	26	(2,695)
Total comprehensive (loss) / income for the period	--	--	--	--	(1,169)	326,067	(2,611)	322,287
Dividends declared (Note 33)	--	--	--	--	--	(95,999)	--	(95,999)
Acquisition of non-controlling interest	--	--	--	--	--	19,466	(19,466)	--
Transfer to other reserve (Note 15)	--	--	32,762	--	--	(32,762)	--	--
Balance at December 31, 2023	325,000	162,500	366,811	(51,559)	(11,570)	1,110,349	304	1,901,835
Profit for the year	--	--	--	--	--	483,687	(524)	483,163
Other comprehensive loss / income	--	--	--	--	(5,579)	3,611	--	(1,968)
Total comprehensive loss / income for the year	--	--	--	--	(5,579)	487,298	(524)	481,195
Dividends declared (Note 33)	--	--	--	--	--	(576,000)	--	(576,000)
Disposal of a subsidiary (Note 5)	--	--	--	--	--	--	220	220
Transfer to retained earnings (Note 15)	--	(162,500)	(366,811)	--	--	529,311	--	--
Balance at December 31, 2024	325,000	--	--	(51,559)	(17,149)	1,550,958	--	1,807,250

The notes from 1 to 36 form part of these consolidated financial statements.

Mussad Abdullah Al Nassar
Member Board of Directors

Patrick Othmar Stillhart
Chief Executive Officer

Subir Swarajya Dhawan
Chief Financial Officer

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	For the year ended December 31, 2024	For the nine-month period ended December 31, 2023
Cash flows from operating activities			
Profit before zakat and income tax		507,062	349,860
Adjustments for:			
Depreciation on property, plant and equipment	6	102,536	79,453
Depreciation on right-of-use assets	7	12,300	10,854
Amortization of intangible assets	8	31	--
Gain on disposal of property, plant and equipment	6	(1,383)	(364)
Impairment (reversal) / loss on trade receivables	11	(3,039)	1,246
Impairment loss on goodwill	23	--	15,753
Impairment loss on remeasurement of disposal group	23	--	148
Finance income	24	(49,687)	(32,705)
Finance costs	25	10,887	22,905
Share of profit from equity accounted investee, net of tax		--	(729)
Provision for inventories	10	29,526	7,655
Provision for employee benefit obligations	16	24,689	17,699
Write-off of property, plant and equipment	6	796	--
Loss recognised on loss of control in a subsidiary	5	1,891	--
		635,609	471,775
Changes in:			
Inventories		(55,516)	(18,373)
Trade receivables		(17,346)	15,728
Prepayments and other receivables		(12,423)	(12,153)
Trade and other payables		(70,044)	135,087
Accrued expenses and other liabilities		36,117	(3,898)
Due to related parties		(1,926)	(1,447)
Cash generated from operating activities		514,471	586,719
Employee benefit obligations paid	16	(16,645)	(5,335)
Zakat and income tax paid	18	(27,391)	(22,800)
Net cash from operating activities		470,435	558,584
Cash flows from investing activities			
Interest received		52,970	22,949
Purchase of property, plant and equipment	6	(204,505)	(46,380)
Purchases of intangible assets	8	(2,675)	(6,170)
Long term investments		(50,000)	--
Short term investments		(796,760)	(945,800)
Proceeds from disposal of property, plant and equipment		2,689	732
Proceeds from maturity of short-term investments		1,242,600	676,020
Movement in other non-current assets		6,620	(1,455)
Net cash from / (used in) investing activities		250,939	(300,104)
Cash flows from financing activities			
Dividends paid to owners of the Company	33	(574,982)	(95,897)
Finance costs paid		(9,163)	(5,324)
Acquisition of non-controlling interests		--	(88,967)
Principal repayments of lease liability	7	(12,645)	(11,072)
Net cash used in financing activities		(596,790)	(201,260)
Net change in cash and cash equivalents		124,584	57,220
Effects of exchange rate fluctuations on cash and cash equivalents		(6,128)	1,821
Cash and cash equivalents at the beginning of the year / period		349,340	290,299
Cash and cash equivalents at the end of the year / period	14	467,796	349,340

The notes from 1 to 36 form part of these consolidated financial statements.

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

1. GENERAL INFORMATION

Saudia Dairy and Foodstuff Company (the “Company” or “SADAFCO”, together with its subsidiaries referred to as the “Group”) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration number 4030009917 issued in Jeddah dated Rabi Al-Akhar 21, 1396H (April 21, 1976). The registered office of the Company is located at the following address:

Ibrahim Almalki Street,
Alnakhil District
P.O. Box 5043, Jeddah 21422
Kingdom of Saudi Arabia

The Company and its subsidiaries are primarily engaged in the production and distribution of dairy products, beverages, and various foodstuffs in the Kingdom of Saudi Arabia, Poland, and certain other Gulf and Arab countries. Information on the Group’s structure is provided in Note 5 of these consolidated financial statements.

The accompanying consolidated financial statements include the activities of the Company’s head office and its following branches:

Commercial Registration No.	Location of Branch	Commercial Registration No.	Location of Branch
1010138304	Riyadh	2511003119	Hafr Elbatin
1010138318	Riyadh	3350006499	Hail
1116003338	Riyadh	3403005857	Hasa
1131010561	Buraydah	3550007577	Tabouk
2050031704	Dammam	4030122648	Jeddah
5950003515	Najran	4030279567	Jeddah
2251018568	Dhahran	4030311244	Jeddah
1011150527	AlKharj	4030424042	Jeddah
4032019884	Taif	4031019174	Makkah
4700003368	Yanbu	4650005848	Madinah
5860013254	Sahil	5852001684	Sabt Al Alaya
5900003767	Jizan	4030009917	Jeddah
5855013255	Abha	2050084202	Dammam

On August 22, 2023, the shareholders of the Group approved the recommendation to change the fiscal year-end from March 31 to December 31. As a result, the financial reporting period for the year ended December 31, 2024, represents a full twelve-month period, whereas the comparative period for December 31, 2023, covers only nine months (April 1, 2023, to December 31, 2023). Due to this change in the fiscal year-end, the financial results presented for the two periods are not directly comparable.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (collectively referred to “IFRSs endorsed in KSA”).

Mussad Abdullah Al Nassar
Member Board of Directors

Patrick Othmar Stillhart
Chief Executive Officer

Subir Swarajya Dhawan
Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

2. BASIS OF PREPARATION (continued)

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis, unless stated otherwise, using the accruals basis of accounting, and going concern concept. Certain comparatives have been reclassified to conform to the current year's presentation.

2.3 Functional and presentation currency

The Group's consolidated financial statements are presented in Saudi Arabian Riyals ("Saudi Riyals"), which is also the Group's functional and presentation currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2.4 Standards, interpretations, and amendments issued but not yet effective

The standards, interpretations and amendments that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, interpretations and amendments if applicable, when they become effective.

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IAS 21	Lack of exchangeability (amendments to IAS 21)	1 January 2025
IFRS 7 and IFRS 9	Classification and measurement of Financial Instruments (amendments to IFRS 9 and IFRS 7)	1 January 2026
IFRS 18	Presentation and disclosure in financial statements	1 January 2027
IFRS 10 and IAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

2. BASIS OF PREPARATION (continued)

2.5 Standards, interpretations and amendments that became effective during the year

Following amendments to IFRS and International Accounting Standards were effective on or after 1 January 2024, but they did not have a material effect on the Company's financial statements:

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1)	1 January 2024
IFRS 16	Lease Liability in a Sale and Leaseback – (amendments to IFRS 16)	1 January 2024
IAS 7 and IFRS 7	Supplier finance arrangements (amendments to IAS 7 and IFRS 7)	1 January 2024
IAS 1	Non-current Liabilities with Covenants (amendments to IAS 1)	1 January 2024

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

3.1 Basis of consolidation

The Group's consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

A 'business combination involving entities or businesses under common control' is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. The Group accounts for common control transactions in these Consolidated Financial Statements using book value (carry-over basis) accounting on the basis that the investment has simply been moved from one part of the group to another

Profit or loss and each component of Other Comprehensive Income ("OCI") are attributed to the equity holders of the Parent Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies and reporting period in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in the consolidated statement of profit or loss. Any investment retained is recognised at fair value.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration, classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

Subsidiaries

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which the control is transferred to the Group. They are deconsolidated from the date the control ceases.

Associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies.

Interest in associates is accounted for using the equity method (equity accounted investee). 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 investee, until the date on which significant influence 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.

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.

3.2 Fair value measurement

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

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

The principal or the most advantageous market must be accessible by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.2 Fair value measurement (continued)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Refer Note 32 for more details.

3.3 Segment reporting

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. The operating segments are used by the management of the Group to allocate resources and assess performance. Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors (BOD) and CEO, (together chief operating decision maker, CODM). The CODM assesses the financial performance and position of the Group and makes strategic decisions.

An operating segment is group of assets and operations:

- (i) engaged in revenue producing activities;
- (ii) results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
- (iii) whose financial information is separately available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.3 Segment reporting (continued)

The Group has the following two strategic divisions, which are reportable segments and are defined and used by the Board of Directors when reviewing the Group's performance. These divisions offer different products and services and are managed separately because of their different fundamentals.

The following summary describes the operations of each reportable segment:

<u>Reportable segments</u>	<u>Operations</u>
Drinks	Drink products of the Group mainly include milk products.
Non – drinks	Non drink products of the Group mainly include ice-cream and tomato paste.

3.4 Foreign currencies translation

Transaction and balances

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

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary assets measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e., the translation differences on items whose fair value gain or loss is recognised in consolidated statement of profit or loss or consolidated statement of comprehensive income are also recognised in consolidated statement of profit or loss or consolidated statement of comprehensive income, respectively).

Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated balance sheet presented are translated at the closing rate at the date of end of reporting period;
- income and expenses for each consolidated statement of profit or loss and consolidated statement of comprehensive income are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income, except to the extent that the translation difference is allocated to NCI.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.4 Foreign currencies translation (continued)

Group companies (continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3.5 Revenue recognition

The Group generates revenue from dairy and foodstuff product. Revenue is recognised when there is a contract with a customer for the transfer of dairy and other related products across various product categories and geographical regions. Revenue is recognised in the Consolidated Statement of Profit or Loss when a performance obligation is satisfied, at the price allocated to that performance obligation. This is defined as the point in time when control of the products has been transferred to the customer, the amount of revenue can be measured reliably, and collection is probable. The transfer of control to customers takes place according to trade agreement terms.

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

Products are sold principally on a sale or return basis. Allowances for expected sales returns are calculated based on the forecasted return of expired products based on historical experience.

Expected sales returns are netted off against revenue with the corresponding impact in 'trade and other payables' for cash sales and 'trade receivables' for credit sales.

For contracts that permit the customer to return an item, revenue is recognised to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data, in case such returns are material.

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

The duration of contracts with customers is one year and all contracts are fixed priced contracts.

The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.6 Property, plant and equipment

i) Recognition and measurement

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major overhaul is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in consolidated statement of profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met and the amounts are expected to be material.

ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of profit or loss when incurred.

iii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over the estimated useful lives of property, plant and equipment and is generally recognized in consolidated statement of profit or loss. Leasehold improvements are depreciated over the shorter of the estimated useful life or the remaining term of the lease.

Depreciation is charged over the estimated useful lives of property, plant and equipment as follows:

	<u>Years</u>
• Buildings and leasehold improvements	10 – 40
• Machinery and equipment	4 – 15
• Vehicles and trailers	4 – 7
• Furniture, fixtures and office equipment	4 – 10

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognised. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial period end and adjusted prospectively, if appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.6 Property, plant and equipment (continued)

Capital working in progress

Capital work in progress (CWIP) is measured at cost less impairment losses, if any, and not depreciated until such time the assets are available for use and transferred to the respective category under property, plant and equipment. Finance costs on borrowings to finance the construction of the assets are capitalized during the period of time that is required substantially to complete and prepare those assets for its intended use, if the recognition criteria are met.

3.7 Intangible assets

Intangible assets other than goodwill are measured at cost, less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight-line basis over the estimated useful lives of 3- 5 years.

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

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

Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3.8 Zakat and income taxes on foreign entities

In accordance with the regulations of the Zakat, Tax and Customs Authority (ZATCA), the Group is subject to zakat attributable to its Saudi shareholders. Provisions for zakat are charged to the consolidated statement of profit or loss. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined. For pending zakat assessment years, provisions are assessed at each reporting period depending on the status of zakat assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.8 Zakat and income taxes on foreign entities (continued)

Income tax on foreign entities, including subsidiaries, is provided in accordance with the relevant income tax regulations of their countries of incorporation. The income tax expense or credit for the period is the tax payable on the current periods' taxable income based on the applicable income tax rate for each jurisdiction.

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

The Group withholds taxes on certain transactions with non-resident parties as required under Saudi Arabian Income Tax Law.

Expenses and assets are recognised net of the amount of valued added tax ("VAT"), except:

- When the VAT incurred on purchase of assets or services is not recoverable from the ZATCA, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, respectively.
- When receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from / payable to the ZATCA is included as part of other assets or liabilities, respectively, in the consolidated statement of financial position.

3.9 Leases

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation, impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date, and an estimate of costs to dismantle and remove the underlying asset on the site on which it is located less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. In addition, the right of use asset is periodically reduced by impairment losses if any, and adjusted for certain remeasurement of lease liability. Refer to the accounting policies under section Impairment of non-financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.9 Leases (continued)

Lease liabilities

The lease liability is initially measured at the present value of the lease payments to be made over the lease term, discounted using the Group's incremental borrowing rate (if the interest rate implicit in the lease is not available). Lease liability 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, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. Any such re-measurement in the lease liability is adjusted against the carrying value of the right-of-use asset or charged to consolidated statement of profit or loss if carrying value of the related asset is zero.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. In addition, the carrying amount of lease liability is remeasured if there is a modification, a change in the lease term, a change in the lease payment (e.g. changes to future payments resulting from a change in index on a rate used to determine sub lease payments) on a change in the assessment of an option to purchase the underlying asset.

Short term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.10 Financial instruments

Non-Derivative Financial instruments

(i) Financial assets (Non-derivative)

Initial recognition and measurement

Financial assets are classified at initial recognition and measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.10 Financial instruments (continued)

(i) Financial assets (Non-derivative) (continued)

This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired. This category is relevant to the Group. The Group's financial assets at amortised cost includes trade receivables, loans to employees and due from related parties included under other non-current financial assets.

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Currently, the Group does not have any debt instruments at fair value through OCI.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.10 Financial instruments (continued)

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Currently, the Group does not have any equity investments designated at fair value through OCI.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.10 Financial instruments (continued)

Impairment

The Group recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. For trade receivables and contract assets, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs. The Group's financial liabilities mainly include trade and other payables, accrued expenses, lease liabilities and non-controlling interest put option.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities at amortised cost (lease liabilities, accrued expenses and trade payable).

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by International Financial Reporting Standard 9 (Financial Instruments) ('IFRS 9'). Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.10 Financial instruments (continued)

Financial liabilities at fair value through profit or loss (continued)

Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

This category is relevant to the Group. After initial recognition, lease liabilities, accrued expenses and trade payables are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses as a result of unwinding of interest cost through EIR amortization process and on de-recognition of financial liabilities are recognized in the consolidated statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

3.11 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3.12 Inventories

Inventories are valued at the lower of cost and net realizable value. Costs of finished goods include material cost, direct labour and appropriate manufacturing overhead. The cost of inventories includes expenditure incurred in acquiring and bringing them to their existing location and condition. Costs are assigned to individual items of inventory on the basis of first-in-first out. Costs of purchased inventory are determined after deducting rebates and discounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.12 Inventories (continued)

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

3.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.14 Employee benefit obligations

The Group is operating an unfunded post-employment defined benefit plan. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Actuarial gains and losses are recognised in full in the period in which they occur in the consolidated statement of comprehensive income. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to the consolidated statement of profit or loss in subsequent periods.

Past service costs are recognised in the consolidated statement of profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date on which the Group recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'cost of sales', 'general and administration expenses' and 'selling and distribution expenses' in the consolidated statement of profit or loss (by function):

- Service costs comprises current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
- The defined benefit asset or liability comprises the present value of the defined benefit obligation, past service costs and less the fair value of plan assets out of which the obligations are to be settled. However, currently the plan is unfunded and has no assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.15 Earnings per share

The management determines basic earnings per share by dividing profit or loss attributable to ordinary equity holders (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the year / period. The weighted average number of ordinary shares outstanding during the year / period is the number of ordinary shares outstanding at the beginning of the year / period, adjusted by the number of ordinary shares bought back or issued during the year / period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the year / period; a reasonable approximation of the weighted average is adequate in many circumstances.

Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the year / period plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, costs, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future period.

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

The key assumption concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year include:

(i) Measurement of post-employment defined benefits

The cost of post-employment defined benefits is the present value of the related obligation, as determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, withdrawal before normal retirement age and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. With respect to determining the appropriate discount rate, yield and duration of high-quality bonds obligation, as designated by an internationally acknowledged rating agency are considered, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. Further details are explained in Note 16 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(ii) Right-of-use assets and lease liabilities

The Group has applied judgment to determine the lease term for some lease contracts in which it is a lessee that includes renewable options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. Refer Note 7 for further details.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of lands, warehouses and depot facilities, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any lands are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Extension and termination options are included in a number of leases of the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(iii) Expected Credit Loss (ECL) measurement on financial assets

The Group has selected a simplified approach on financial assets. The Group uses a provision matrix to calculate ECL for financial assets. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated, and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historically observed default rates, forecasted economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(iv) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives of property, plant and equipment with finite useful lives for calculating depreciation. This estimate is determined after considering expected usage of the assets and physical wear and tear. Management reviews the depreciation and methods and useful lives annually and future depreciation charges would be adjusted where the management believes the useful lives differ from previous estimates and to ensure that the methods and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

The Group's management reviews the useful lives, residual value and method of depreciation annually for any significant changes and any resultant changes to the depreciation charge are adjusted in current and future periods.

(v) Allowance for inventory losses

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value.

5. GROUP INFORMATION

The consolidated financial statements of the Group include:

Name	Relationship	Principal activities	Country of incorporation / principal place of business	% equity interest	
				December 31, 2024	December 31, 2023
SADAFCO Bahrain Company LLC	Subsidiary	Foodstuff and dairy products	Bahrain	100%	100%
SADAFCO Jordan Foodstuff Company LLC	Subsidiary	Foodstuff and dairy products	Jordan	100%	100%
SADAFCO Qatar W.L.L. (Note 5.1)	Subsidiary	Foodstuff and dairy products	Qatar	--	75%
SADAFCO Kuwait Foodstuff Co. W.L.L (Note 5.2)	Subsidiary	Foodstuff and dairy products	Kuwait	49%	49%
SADAFCO Poland Sp. z o.o. ("SADAFCO Poland") (Note 5.3)	Subsidiary	Holding company	Poland	--	100%
Mlekoma Sp. z o.o. (Note 5.3) (**)	Subsidiary	Dairy products	Poland	100%	76%
Foodexo Sp. z o.o. (Note 5.3) (**)	Subsidiary	Dairy products	Poland	--	76%
Mlekoma Dairy Sp. z o.o. (Note 5.3) (**)(***)	Associate	Dairy products	Poland	--	--

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

5. GROUP INFORMATION (continued)

5.1 On November 17, 2024, SADAFCO Qatar W.L.L.'s shareholders (SADAFCO KSA & Mohammed Al-Khulaifi) mutually approved a voluntary liquidation and agreed on the distribution of assets. Consequently, a liquidator was appointed and commercial registration of SADAFCO Qatar W.L.L. was updated.

As a result of the transaction, the Group will no longer control SADAFCO Qatar W.L.L. and therefore the Group will no longer consolidate SADAFCO Qatar W.L.L. in its consolidated financial statements. Accordingly, the Group has accounted for the disposal of SADAFCO Qatar W.L.L. in its consolidated financial statements for the year.

5.2 The Group considers the SADAFCO Kuwait Foodstuff Co. W.L.L ("investee company") as 100% subsidiary and held 51% beneficial interest in the investee company through parties nominated by the Group.

5.3 On December 31, 2024, after completing the necessary legal requirements, SADAFCO Poland and Foodexo Sp. z o.o. merged into Mlekoma Sp. z o.o., pursuant to relevant articles of the Companies Law and the terms and conditions of the Merger Agreement. The effective date of the above merger was December 31, 2024.

(**) These entities together are referred to as "Mlekoma group". During the nine-month period ended December 31, 2023, the Group acquired an additional 24% interest in "Mlekoma group" under non-controlling interest put option agreement, increasing Group's ownership from 76% to 100 %.

(***) On December 31, 2023, the Group has classified its investment in Mlekoma Dairy Sp. z.o.o. under assets held for sale based on the Group's intention to realise the investment within twelve months after the reporting date. During the year ended December 31, 2024, the Group has disposed of its 37% shareholding in Mlekoma Dairy Sp. z o.o.

At December 31, 2024, the Group's parent entity is Kuwait Projects Company Holding ("KIPCO") and Group's ultimate parent entity is Al Futtooh Holding Company K.S.C. (Closed).

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment is as follows:

	<u>Land, buildings and leasehold improvements</u>	<u>Machinery and equipment</u>	<u>Vehicles and trailers</u>	<u>Furniture, fixtures and office equipment</u>	<u>Capital work- in-progress</u>	<u>Total</u>
<u>Cost</u>						
As at Jan 1, 2024	660,169	1,286,805	282,406	126,921	14,285	2,370,586
Additions during the year	84,351	921	--	4	119,229	204,505
Disposals during the year	(1,147)	(10,468)	(16,806)	(593)	--	(29,014)
Write-off during the year	--	--	--	--	(796)	(796)
Transfers during the year	5,719	54,024	9,958	2,118	(71,819)	--
Exchange differences	(2,253)	(1,451)	171	(469)	(59)	(4,061)
As at December 31, 2024	<u>746,839</u>	<u>1,329,831</u>	<u>275,729</u>	<u>127,981</u>	<u>60,840</u>	<u>2,541,220</u>
<u>Accumulated depreciation</u>						
As at Jan 1, 2024	313,946	836,061	223,413	101,402	--	1,474,822
Charge for the year	20,133	58,306	17,266	6,831	--	102,536
Disposals during the year	(1,066)	(9,802)	(16,325)	(515)	--	(27,708)
Exchange differences	(1,343)	(1,236)	101	(316)	--	(2,794)
As at December 31, 2024	<u>331,670</u>	<u>883,329</u>	<u>224,455</u>	<u>107,402</u>	<u>--</u>	<u>1,546,856</u>
<u>Carrying amount</u>						
As at December 31, 2024	<u>415,169</u>	<u>446,502</u>	<u>51,274</u>	<u>20,579</u>	<u>60,840</u>	<u>994,364</u>

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

	<u>Land, buildings and leasehold improvements</u>	<u>Machinery and equipment</u>	<u>Vehicles and trailers</u>	<u>Furniture, fixtures and office equipment</u>	<u>Capital work-in- progress</u>	<u>Total</u>
<u>Cost</u>						
As at April 1, 2023	618,377	1,215,893	263,245	110,386	111,811	2,319,712
Additions during the period	--	242	129	72	45,937	46,380
Disposals during the period	--	(512)	(1,954)	(16)	--	(2,482)
Transfers during the period	39,023	67,982	20,494	16,043	(143,542)	--
Exchange differences	2,769	3,200	492	436	79	6,976
As at December 31, 2023	<u>660,169</u>	<u>1,286,805</u>	<u>282,406</u>	<u>126,921</u>	<u>14,285</u>	<u>2,370,586</u>
<u>Accumulated depreciation</u>						
As at April 1, 2023	297,917	789,757	209,816	96,143	--	1,393,633
Charge for the period	15,417	44,243	14,856	4,937	--	79,453
Disposals during the period	--	(512)	(1,602)	--	--	(2,114)
Exchange differences	612	2,573	343	293	29	3,850
As at December 31, 2023	<u>313,946</u>	<u>836,061</u>	<u>223,413</u>	<u>101,373</u>	<u>29</u>	<u>1,474,822</u>
<u>Carrying amount</u>						
As at December 31, 2023	<u>346,223</u>	<u>450,744</u>	<u>58,993</u>	<u>25,548</u>	<u>14,256</u>	<u>895,764</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Depreciation charge for the year / period has been allocated as follows:

	Notes	For the year ended December 31, 2024	For the nine-month period ended December 31, 2023
Cost of sales	20	65,704	52,370
Selling and distribution expenses	21	33,861	25,064
General and administrative expenses	22	2,971	2,019
		<u>102,536</u>	<u>79,453</u>

(b) The ownership interest of the Group in a freehold land held in Madinah is amounting to Saudi Riyals 1.54 million (December 31, 2023: Saudi Riyals 1.54 million) is through a shareholder of the Group. The Group holds legal documents confirming its beneficial interest.

(c) Capital work in progress represents ongoing construction works and it is expected to be completed during 2025.

7. LEASES

The Group leases various stores, offices and vehicles. Rental contracts are typically made for fixed periods of 2 to 35 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and corresponding liability at the date on which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to consolidated statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The Group's weighted average incremental borrowing rate applied to the lease liabilities ranges from 2.56% to 8.07%.

Amounts recognized in the consolidated statement of financial position in respect of right-of-use assets and lease liabilities is as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

7. LEASES (continued)

a. Right-of-use assets

	Land	Buildings	Vehicles	Total
As at April 1, 2023	39,186	4,325	19,168	62,679
Additions during the period	1,983	1,716	6,552	10,251
Depreciation charge for the period	(1,941)	(2,262)	(6,651)	(10,854)
Exchange difference	174	108	125	407
Carrying amount as at December 31, 2023	39,402	3,887	19,194	62,483
Additions during the year	1,870	--	549	2,419
Depreciation charge for the year	(2,640)	(2,746)	(6,914)	(12,300)
Exchange difference	--	(16)	(28)	(44)
Carrying amount as at December 31, 2024	38,632	1,125	12,801	52,558

b. Lease liabilities

Movement in lease liabilities during the year / period is as follows:

	For the year ended December 31, 2024	For the nine-month period ended December 31, 2023
Lease liability at beginning of the year / period	64,033	63,944
Additions during the year / period	2,419	10,251
Payments made during the year / period	(15,329)	(12,523)
Finance costs charged during the year / period	2,684	2,066
Exchange differences	(533)	295
Lease liabilities at end of the year / period	<u>53,274</u>	<u>64,033</u>

Contractual undiscounted cashflows pertaining to lease liabilities as of December 31, 2024 and December 31, 2023, are disclosed in Note 30.

Lease liabilities as at December 31, 2024 and December 31, 2023 is divided into current and non-current portion as follows:

	December 31, 2024	December 31, 2023
Current	10,049	13,472
Non-current	43,225	50,561
	<u>53,274</u>	<u>64,033</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

7. LEASES (continued)

The aging of minimum lease payments together with the present value of minimum lease payments as of December 31 are as follows:

	December 31, 2024		December 31, 2023	
	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
Less than one year	9,981	8,803	14,371	12,083
One to five years	22,015	15,757	28,181	22,672
More than five years	42,587	28,714	41,687	29,278
Total	74,583	53,274	84,239	64,033
Less: financial charges	(21,309)	--	(20,206)	--
	53,274	53,274	64,033	64,033

Amounts recognised in the consolidated statement of profit or loss is as follows:

	For the year ended December 31, 2024	For the nine-month period ended December 31, 2023
Depreciation charge on right-of-use assets	12,300	10,854
Finance costs on lease liabilities	2,684	2,066
Expense relating to short term leases (included in cost of sales – Note 20, selling and distribution expenses – Note 21 and general and administrative – Note 22)	17,784	6,656

Depreciation on right-of-use assets for the year / period has been allocated as follows:

	Notes	For the year ended December 31, 2024	For the nine-month period ended December 31, 2023
Cost of sales	20	1,488	1,309
Selling and distribution expenses	21	9,773	9,168
General and administrative expenses	22	1,039	377
		12,300	10,854

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

8. INTANGIBLE ASSETS

The movement of intangible assets during the year / period is as follows:

	Goodwill	Software	Capital work- in-progress	Total
Cost:				
As at April 1, 2023	15,753	--	--	15,753
Additions during the period	--	--	6,170	6,170
As at December 31, 2023	15,753	--	6,170	21,923
As at Jan 1, 2024	15,753	--	6,170	21,923
Additions during the year	--	646	2,029	2,675
Transfers during the year	--	7,143	(7,143)	--
As at December 31, 2024	15,753	7,789	1,056	24,598
Accumulated amortization and impairment losses:				
As at April 1, 2023	--	--	--	--
Impairment loss during the period	15,753	--	--	15,753
As at December 31, 2023	15,753	--	--	15,753
As at Jan 1, 2024	15,753	--	--	15,753
Amortization during the year	--	31	--	31
As at December 31, 2024	15,753	31	--	15,784
Carrying amount:				
As at December 31, 2024	--	7,758	1,056	8,814
As at December 31, 2023	--	--	6,170	6,170

The Group through its wholly owned subsidiary, SADAFCO Poland, acquired a total stake of 76% in Mlekoma group” on July 2, 2018 through a series of agreements, collectively referred to as Share Purchase Agreement (“SPA”) and has recognised goodwill in respect of acquisition. During the nine-month period ended December 31, 2023, the Group acquired an additional 24% interest in “Mlekoma group” under non-controlling interest put option agreement, increasing Group’s ownership from 76% to 100%.

During the nine-month period ended December 31, 2023, the Group conducted an evaluation of the goodwill for potential impairment. Following this assessment, it was determined that the carrying value of the CGU exceeded its recoverable amount. Consequently, an impairment loss of Saudi Riyals 15.75 million was recognized in the consolidated statement of profit or loss. This impairment loss was entirely allocated to the goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

9. LONG TERM INVESTMENTS

Long term investments comprise of the following:

	December 31, 2024	December 31, 2023
Long term investments	87,138	38,000
9.1 The Group invested Saudi Riyals 38 million in Sukuks, issued by Al Rajhi Bank, with a face value of Saudi Riyals 1,000 each. The Sukuks carry mark-up of 5.5% per annum and are classified at fair value through profit or loss. The Sukuks are listed on Tadawul and are currently actively traded in the market. The fair value of the Sukuks at December 31, 2024 was Saudi Riyals 1,001 (December 31, 2023: Saudi Riyals 1,000) per certificate.		
9.2 During the year ended December 31, 2024, the Group has invested Saudi Riyals 50 million in Sukuks, issued by Emkan Finance Company, with a face value of Saudi Riyals 1,000 each. The Sukuks carry mark-up of 5.1% per annum and are classified at fair value through profit or loss. The fair value of the Sukuk at December 31, 2024 was Saudi Riyals 982 per certificate.		
9.3 Information about the Group's exposure to credit and market risks, and fair value measurement, is included in Note 30 and Note 32 respectively.		

10. INVENTORIES

Inventories comprise of the following:

	December 31, 2024	December 31, 2023
Raw materials	308,896	212,772
Packing materials	27,710	26,476
Finished goods	147,295	140,151
Spare parts, supplies and others	14,360	12,552
Goods-in-transit	28,644	79,438
	526,905	471,389
Less: Provision for inventories (Note 10.1)	(70,663)	(41,137)
	456,242	430,252

10.1 Movement in the provision for inventories is as follows:

	For the year ended December 31, 2024	For the nine-month period ended December 31, 2023
Balance at beginning of the year / period	41,137	33,482
Charge for the year / period	29,526	7,655
Balance at end of the year / period	70,663	41,137

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

10. INVENTORIES (continued)

10.2 Provision for inventories is based on the nature of inventories, ageing profile, their expiry, and sales expectation based on historical trends and other qualitative factors.

11. TRADE RECEIVABLES

Trade receivables comprise of the following:

	December 31, 2024	December 31, 2023
Trade receivables	315,201	297,855
Less: Allowance for impairment of trade receivables (Note 11.1)	(25,978)	(29,017)
	289,223	268,838

Trade receivables are non-interest bearing and are classified as financial assets measured at amortised cost.

11.1 The movement in allowance for impairment loss of trade receivables is as follows:

	For the year ended December 31, 2024	For the nine-month period ended December 31, 2023
Balance at beginning of the year / period	29,017	27,771
(Reversal) / Charge for the year / period	(3,039)	1,246
Balance at end of the year / period	25,978	29,017

The Group does not obtain collaterals over receivables, and the vast majority of receivables are, therefore, unsecured. However, unimpaired receivables are expected to be recoverable based on past experience. Refer Note 30 on the credit risk of trade receivables, which explains how the Group manages and measures the credit quality of trade receivables.

Trade receivables include Saudi Riyals 0.32 million (2023: Saudi Riyals 0.15 million) due from related parties (note 27).

12. PREPAYMENTS AND OTHER RECEIVABLES

Prepayments and other receivables comprise of the following:

	December 31, 2024	December 31, 2023
Prepayments	19,193	18,851
Advances to suppliers	19,393	12,365
Advances to employees	16,717	18,025
Security deposits and others	17,807	9,266
	73,110	58,507

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

13. SHORT TERM INVESTMENTS

Short term investments comprise of the following:

	December 31, 2024	December 31, 2023
Short term murabaha deposits	<u>222,752</u>	<u>674,056</u>

- a) Short term murabaha deposits represent deposits with local banks that have an original maturity of more than three months and less than twelve months from the investment date.
- b) Short term murabaha deposits earn commission ranges from 5.15% to 5.55% per annum for the year ended December 31, 2024 (December 31, 2023: 5.15% to 6.3% per annum).
- c) The investments are made with banks having sound credit ratings ranging from A1 to A2 based on Moody's.

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalent as at December 31 comprise of the following:

	December 31, 2024	December 31, 2023
Cash in hand	12,535	2,895
Balances with banks	53,942	94,668
Short term murabaha deposits with original maturity of less than three months	<u>401,319</u>	<u>251,777</u>
	<u>467,796</u>	<u>349,340</u>

- a) Short term murabaha deposits earn commission ranges from 4.8% to 5.8% per annum for the year ended December 31, 2024 (December 31, 2023: 5.4% to 6.3% per annum).
- b) At December 31, the carrying value of bank balances (included above) and short term murabaha deposits represent its maximum exposure to credit risk without taking into account any collateral and other credit enhancement, and none of the balances is impaired at the reporting date.

15. CAPITAL AND RESERVES

15.1 Share capital

	No. of shares	December 31, 2024	December 31, 2023
Authorized capital	32,500,000	325,000	325,000
Share capital	<u>32,500,000</u>	<u>325,000</u>	<u>325,000</u>

At December 31, 2024, the Company share capital is Saudi Riyals 325 million consists of 32.5 million fully paid shares of Saudi Riyals 10 each (December 31, 2023: Saudi Riyals 325 million consists of 32.5 million shares of Saudi Riyals 10 each). The Company share capital includes treasury shares acquired during the year ended December 31, 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

15. CAPITAL AND RESERVES (continued)

15.2 Treasury shares reserve

The reserves for the Company's treasury shares comprise, the cost of the Company's shares held by the Company. At December 31, 2024, the Company held 500,000 of the Company's shares (December 31, 2023: 500,000). These shares were acquired during the year ended December 31, 2019 at Saudi Riyals 103.12 each.

15.3 Other reserve

Pursuant to Company's By-Law, the Company had created a voluntary reserve based on shareholders resolution whereby the Company transfers ten percent of its profit attributable to owners of the Company each year. The Board of Directors, in its meeting held on September 17, 2024, recommended to transfer the balance of the voluntary reserve to the retained earnings. Extraordinary General Assembly has approved the transfer of other reserves to retained earnings in its meeting held on December 12, 2024.

15.4 Statutory reserve

The statutory reserve included in the consolidated financial statements as of December 31, 2023, was required under the Company's previous by-laws. However, following amendments to the Company's by-laws during the year ended December 31, 2024, the requirement to set aside a statutory reserve has been removed. The Board of Directors, in its meeting held on September 17, 2024, recommended to transfer the balance of the statutory reserve to the retained earnings. Extraordinary General Assembly has approved the transfer of statutory reserve to retained earnings in its meeting held on December 12, 2024.

15.5 Foreign currency translation reserve

The reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

16. EMPLOYEE BENEFIT OBLIGATIONS

The Group operates an approved unfunded employees end of service benefit plan (EOSB) for its employees as required by the Saudi Arabia Labor law. The entitlement to these benefits, is based upon the employees' last drawn salary and length of service, subject to completion of minimum service period.

An independent actuarial exercise has been conducted by the Group as of December 31, 2024 and December 31, 2023 to ensure the adequacy of the provision for employees end of service benefits in accordance with the rules stated under Saudi Arabian labor law by using the projected unit credit method as required under International Accounting Standards 19: Employee Benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

16. EMPLOYEES BENEFIT OBLIGATIONS (continued)

i) Movement in defined benefit liability

The following table shows a reconciliation from the opening balance to the closing balance of employees' end of service benefits:

	For the year ended December 31, 2024	For the nine-month period ended December 31, 2023
Balance at beginning of the year / period	154,054	140,138
Current service cost included in consolidated statement of profit or loss		
Service cost	17,556	12,740
Finance cost	7,133	4,959
	24,689	17,699
Included in other comprehensive income		
- Experience adjustment	(3,611)	1,552
Actuarial loss	(3,611)	1,552
Other		
Benefits paid	(16,645)	(5,335)
Balance at end of the year / period	158,487	154,054

ii) Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	December 31, 2024	December 31, 2023
Discount rate %	5.65%	5.00%
Future salary growth %	5.65%	5.00%
Retirement age	60 years	60 years

Assumptions relating to future mortality is based on published statistics and mortality tables. The weighted average duration of the defined benefit obligation as at December 31, 2024 is 10.09 years (December 31, 2023: 10.18 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

16. EMPLOYEES BENEFIT OBLIGATIONS (continued)

iii) 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, 2024		December 31, 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(7,463)	7,304	(3,401)	3,543
Future salary growth (0.5% movement)	7,631	(7,826)	3,535	(3,409)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

17. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities comprise of the following:

	December 31, 2024	December 31, 2023
Employee related accruals	90,015	91,237
Marketing related accruals	89,532	82,908
Rent and utility accruals	58,988	47,439
Value added tax payable	12,664	14,689
Other accruals	100,611	79,420
	351,810	315,693

Other accruals mainly include board remuneration and other related accruals.

18. ZAKAT AND INCOME TAX

The Company files its zakat declaration on a consolidated basis. The significant components of the zakat base of the Company and its subsidiaries, which are subject to zakat under zakat and income tax regulations, are principally comprised of shareholders' equity, provisions at beginning of the year, and adjusted net profit, less deduction for the net book value of property, plant and equipment and certain other items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

18. **ZAKAT AND INCOME TAX (continued)**

18.1 Charge for the year / period

The charge for the year / period consists of the following:

	For the year ended December 31, 2024	For the nine- month period ended December 31, 2023
Zakat charge	22,801	26,743
Income tax charge / (refundable)	1,098	(1,865)
	<u>23,899</u>	<u>24,878</u>

18.2 Accrued Zakat and income tax

The movement in Zakat and income tax payable is as follows:

	<u>Zakat</u>	<u>Income tax</u>	<u>Total</u>
At April 1, 2023	25,749	--	25,749
Charge / (refundable) for the period	26,743	(1,865)	24,878
(Payments) / refund during the period	(24,665)	1,865	(22,800)
At December 31, 2023	<u>27,827</u>	--	<u>27,827</u>
Charge for the year	22,801	1,098	23,899
Payments during the year	<u>(26,293)</u>	<u>(1,098)</u>	<u>(27,391)</u>
At December 31, 2024	<u>24,335</u>	--	<u>24,335</u>

Zakat charge for the year / period is based on the following:

	December 31, 2024
Profit before zakat	<u>507,062</u>
Total additions	2,045,493
Total deductions	<u>(1,163,368)</u>
Total zakat base	882,125
Minimum limit	507,062
Maximum limit	1,831,203
Zakat base	<u>882,125</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

18. **ZAKAT AND INCOME TAX (continued)**

18.2 Accrued Zakat and income tax (continued)

	December 31, 2023
Equity	1,642,663
Non-current liabilities	--
Current liabilities	--
Property, plant and equipment	(929,413)
Right-of-use assets	(57,688)
Long term investments	(38,810)
Intangible assets	--
Spare parts	--
Provisions and other adjustments	<u>262,640</u>
	879,392
Adjusted income for the period	374,599
Zakat base	<u>1,253,991</u>

18.3 Status of assessments

Zakat assessments for the years up to year ended March 31, 2022, have been finalized with Zakat, Tax and Customs Authority (ZATCA). ZATCA is yet to issue its final assessments for the year 2023.

During the period ended December 31, 2023, the Company changed its fiscal year-end from March to December. Accordingly, the Company has filed the zakat return for the year ended December 31, 2023 and received the zakat certificate valid until April 30, 2025.

Foreign subsidiaries filed their tax returns for all years up to 2023 and settled their tax liabilities accordingly. While all the returns have been filed, final assessments are pending for certain years.

18.4 Pillar two

In 2021, the OECD's Inclusive Framework (IF) on Base Erosion and Profit Shifting (BEPS) agreed on a two-pillar solution to address tax challenges arising from the digitalization of the economy. Under Pillar Two, multinational entities (MNE Groups) with consolidated revenue exceeding EUR 750 million are subject to a minimum effective tax rate (ETR) of 15% in each jurisdiction where they operate.

Saudia Dairy & Foodstuff Company (SADAFCO) is part of an MNE Group headquartered in Kuwait and falls within the scope of the OECD BEPS Pillar Two rules.

The Company and its subsidiaries operate in jurisdictions where Pillar Two legislation has been enacted in 2024 (e.g., Bahrain, Kuwait, and Poland) but will take effect from 1 January 2025. Consequently, there is no exposure to Pillar Two income taxes in the financial year ended 31 December 2024, as outlined below:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

18. ZAKAT AND INCOME TAX (continued)

18.4 Pillar two (continued)

- Bahrain: The National Bureau for Revenue (NBR) implemented Decree-Law No. (11) of 2024, establishing a Domestic Minimum Top-Up Tax (DMTT) requiring MNEs to pay a minimum tax rate of 15% on profits. However, the DMTT applies only to financial years beginning on or after 1 January 2025; hence, no tax implications arise for 2024.
- Kuwait: The Decree-Law No. (157) of 2024 introduced a DMTT requiring MNEs with an ETR below 15% to pay the difference as a top-up tax. Similar to Bahrain, the DMTT is effective from 1 January 2025, resulting in no impact on SADAFCO's 2024 financial statements.
- Poland: The government has enacted Pillar Two legislation, incorporating the Income Inclusion Rule (IIR), Undertaxed Profits Rule (UTPR), and DMTT. These provisions take effect from 1 January 2025, ensuring no tax exposure for SADAFCO in 2024.

Although the Kingdom of Saudi Arabia (KSA) has not yet enacted Pillar Two legislation, SADAFCO anticipates that its overall ETR may increase from 2025 onwards as Pillar Two rules take effect in multiple jurisdictions where its subsidiaries operate. However, the potential financial impact cannot be reasonably estimated at this time. The Company continues to monitor legislative developments and assess their implications on future financial performance.

19. REVENUE

Revenue for the year / period comprise of the following:

	For the year ended December 31, 2024	For the nine-month period ended December 31, 2023
Revenue from sale of drink products	1,610,085	1,229,150
Revenue from sale of non-drink products	1,352,797	882,330
	<u>2,962,882</u>	<u>2,111,480</u>

Disaggregation of revenue from contracts with customers

Primary geographical markets

	For the year ended December 31, 2024	For the nine-month period ended December 31, 2023
Kingdom of Saudi Arabia	2,327,506	1,772,878
Outside Kingdom of Saudi Arabia	635,376	338,602
	<u>2,962,882</u>	<u>2,111,480</u>

Timing of recognition of revenue

All revenues of the Group are recognized at point of time when control of the products are transferred to the customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

20. COST OF SALES

Cost of sales for the year / period comprise of the following:

	Notes	For the year ended December 31, 2024	For the nine-month period ended December 31, 2023
Material costs		1,491,115	1,077,573
Employee costs		142,543	123,976
Depreciation on property, plant and equipment	6	65,704	52,370
Depreciation on right-of-use assets	7	1,488	1,309
Fuel and transportation costs		71,097	47,690
Others		132,368	57,892
		<u>1,904,315</u>	<u>1,360,810</u>

21. SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses for the year / period comprise of the following:

	Notes	For the year ended December 31, 2024	For the nine-month period ended December 31, 2023
Employee costs		220,195	152,687
Advertising and sales promotion		145,544	83,433
Depreciation on property, plant and equipment	6	33,861	25,064
Depreciation on right-of-use assets	7	9,773	9,168
Insurance		3,985	2,835
Communication		1,642	1,826
Fuel and transportation costs		13,125	7,285
Utilities		8,073	5,709
Others		47,567	16,559
		<u>483,765</u>	<u>304,566</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

22. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the year / period comprise of the following:

	Notes	For the year ended December 31, 2024	For the nine-month period ended December 31, 2023
Employee costs		66,145	57,964
Depreciation on property, plant and equipment	6	2,971	2,019
Depreciation on right-of-use assets	7	1,039	377
Amortization of intangible assets	8	31	--
Subscription costs		7,833	6,956
Directors' remuneration and other benefits		6,014	3,392
Communication		2,889	2,126
Repairs and maintenance costs		3,995	1,990
Insurance		1,272	4,370
Government related expenses		1,143	3,526
Others		18,457	8,772
		<u>111,789</u>	<u>91,492</u>

23. OTHER EXPENSES

Other expenses for the year / period comprise of the following:

	Notes	For the year ended December 31, 2024	For the nine-month period ended December 31, 2023
Impairment loss on goodwill		--	15,753
Impairment loss on remeasurement of disposal group		--	148
		<u>--</u>	<u>15,901</u>

23.1 The impairment loss was recognised on the remeasurement of disposal group at the lower of its carrying amount and fair value less cost to sell.

24. FINANCE INCOME

Finance income for the year / period comprise of the following:

	Notes	For the year ended December 31, 2024	For the nine-month period ended December 31, 2023
Finance income on murabaha certificates		39,211	31,897
Finance income on long term investments		10,476	808
		<u>49,687</u>	<u>32,705</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

25. FINANCE COSTS

Finance costs for the year / period comprise of the following:

	Notes	For the year ended December 31, 2024	For the nine-month period ended December 31, 2023
Finance cost on lease liability	7	2,684	2,066
Finance cost on NCI put option		--	16,162
Others		8,203	4,677
		<u>10,887</u>	<u>22,905</u>

26. BASIC AND DILUTIVE EARNINGS PER SHARE

26.1 Basic earnings per share (EPS) is calculated by dividing profit for the year / period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue outstanding during the year / period.

	Notes	For the year ended December 31, 2024	For the nine-month period ended December 31, 2023
Profit for the year / period attributable to shareholders of the Company		<u>483,687</u>	<u>327,619</u>
The weighted average number of ordinary shares for the purposes of basic and diluted earnings ('000') (Note 26.2)		<u>32,000</u>	<u>32,000</u>
Basic and diluted earnings per share based on profit for the year / period attributable to shareholders of the Company (Saudi Riyals)		<u>15.12</u>	<u>10.24</u>

26.2 Weighted average number of ordinary shares in issue is calculated as follows:

	Notes	For the year ended December 31, 2024	For the nine-month period ended December 31, 2023
Issued ordinary shares at beginning		32,500	32,500
Effect of treasury share held		(500)	(500)
Weighted average number of ordinary shares outstanding at end		<u>32,000</u>	<u>32,000</u>

The diluted EPS is same as the basic EPS as the Group does not have any dilutive instruments in issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

27. RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions were undertaken in the ordinary course of business at commercially agreed terms and were approved by the management. For the purpose of these consolidated financial statements, related parties are identified as affiliates of the Group includes entities which are subsidiaries and associates of KIPCO Group and key management personnel including close family members.

Significant related party transactions and balances for the year ended December 31, 2024 and nine-month period ended December 31, 2023 including balances arising there-from are described as under:

a) Due to related parties:

<u>Transaction with</u>	<u>Nature of transaction</u>	<u>Transactions with related parties</u>		<u>Closing balance</u>	
		<u>For the year ended December 31, 2024</u>	<u>For the nine-month period ended December 31, 2023</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Buruj Co-operative Insurance Company (associate of parent company) (*)	Insurance premium	—	6,757	--	1,866
PKC Advisory (associate of parent company)	Consultancy services	1,759	1,469	--	--
Alternative Energy Projects Co. (associate of parent company)	Purchase and installation of solar energy systems	125	542	18	71
Axa Cooperative Insurance (associate of parent company) (*)	Insurance premium	—	516	--	7
				<u>18</u>	<u>1,944</u>

(*)These transactions represent the insurance premium expense net of any claims received from Insurance Companies. Both the parties are not related to the Group for the year ended 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

27. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Due to related parties under accrued and other liabilities:

<u>Transaction with</u>	<u>Nature of transaction</u>	<u>Transactions with related parties</u>		<u>Closing balance</u>	
		<u>For the year ended December 31, 2024</u>	<u>For the nine-month period ended December 31, 2023</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Board of Directors and other committees	Remuneration	5,043	2,700	5,043	2,700

c) Due from related parties under trade receivables:

<u>Transaction with</u>	<u>Nature of transaction</u>	<u>Transactions with related parties</u>		<u>Closing balance</u>	
		<u>For the year ended December 31, 2024</u>	<u>For the nine-month period ended December 31, 2023</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Specialized Food Services	Sale of goods	1,894	150	320	150

Compensation of key management personnel of the Group

	<u>For the year ended December 31, 2024</u>	<u>For the nine-month period ended December 31, 2023</u>
Short-term and long-term employee benefits	12,895	7,487
Termination benefits	535	397
Total compensation paid to key management personnel	13,430	7,884

28. SEGMENT INFORMATION

28.1 Operating segment

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and are managed separately because they require different marketing strategies. The Group's Board of Directors and Chief Executive Officer monitor the results of the Group's operations for the purpose of making decisions about resource allocation and performance assessment. They are collectively the chief operating decision makers (CODM) for the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

28. SEGMENT INFORMATION (continued)

28.1 Operating segment (continued)

Segment results that are reported to CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

For each of the strategic business units, the CODM reviews internal management reports on at least a quarterly basis. No operating segments have been aggregated to form the above reportable operating segments.

The drinks segment represents milk and juice products, while non-drinks represent ice creams, tomato paste, cheese and snacks.

The following table presents segment information for the year / period ended December 31:

	<u>Drinks</u>	<u>Non- drinks</u>	<u>Unallocated</u>	<u>Total</u>
For the year ended December 31, 2024				
Segment profit or loss				
Segment revenue	1,643,659	1,442,134	--	3,085,793
Inter-segment revenue	(33,574)	(89,337)	--	(122,911)
Revenue from external customers	1,610,085	1,352,797	--	2,962,882
Profit before zakat and income tax	277,509	175,965	53,588	507,062
Depreciation and amortization	60,611	54,256	--	114,867
Finance income	--	--	49,687	49,687
Finance cost	1,840	8,185	862	10,887
Impairment reversal on trade receivables	--	--	3,039	3,039
As at December 31, 2024				
Segment assets				
Property, plant and equipment	605,892	388,472	--	994,364
Right-of-use assets	34,852	17,706	--	52,558
Intangible assets	4,760	4,054	--	8,814
Other non-current assets	--	--	--	--
Long term investments	--	--	87,138	87,138
Current assets	440,416	375,169	693,538	1,509,123
Total assets	1,085,920	785,401	780,676	2,651,997
Segment liabilities				
Current liabilities	5,469	42,455	595,111	643,035
Lease liabilities – non-current portion	31,271	11,954	--	43,225
Employee benefit obligations	--	836	157,651	158,487
Total liabilities	36,740	55,245	752,762	844,747

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

28. SEGMENT INFORMATION (continued)

28.1 Operating segment (continued)

	<u>Drinks</u>	<u>Non- drinks</u>	<u>Unallocated</u>	<u>Total</u>
For the nine-month period ended December 31, 2023				
Segment profit or loss				
Segment revenue	1,272,979	977,379	--	2,250,358
Inter-segment revenue	(43,829)	(95,049)	--	(138,878)
Revenue from external customers	1,229,150	882,330	--	2,111,480
Profit before zakat and income tax	219,590	98,811	31,459	349,860
Depreciation and amortization	(63,687)	(26,620)	--	(90,307)
Finance income	--	--	32,705	32,705
Finance cost	(1,588)	(21,317)	--	(22,905)
Share of loss of equity accounted investee	--	729	--	729
Reversal of impairment loss on trade receivables	--	--	(1,246)	(1,246)
Other Expenses	--	(15,901)	--	(15,901)
As at December 31, 2023				
Segment assets				
Property, plant and equipment	633,124	262,640	--	895,764
Right-of-use assets	44,593	17,890	--	62,483
Intangible assets	4,361	1,809	--	6,170
Other non-current assets	--	6,381	239	6,620
Long term investments	--	--	38,000	38,000
Current assets	901,432	529,412	351,354	1,782,198
Total assets	1,583,510	818,132	389,593	2,791,235
Segment liabilities				
Current liabilities	8,566	126,441	549,778	684,785
Lease liabilities – non- current portion	37,906	12,655	--	50,561
Employee benefit obligations	--	786	153,268	154,054
Total liabilities	46,472	139,882	703,046	889,400

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

28. SEGMENT INFORMATION (continued)

28.1 Operating segment (continued)

The management has categorised its geographical operations as follows:

Geographic information	For the year ended December 31, 2024	For the nine-month period ended December 31, 2023
Revenue from external customers		
Kingdom of Saudi Arabia	2,327,506	1,772,878
Poland	355,862	165,438
Gulf Cooperation Council (GCC) countries	80,239	60,089
Others	199,275	113,075
	<u>2,962,882</u>	<u>2,111,480</u>
Non-current assets		
Kingdom of Saudi Arabia	1,012,657	908,442
Poland	31,561	44,987
Gulf Cooperation Council (GCC) countries	4,333	8,904
Others	7,185	8,704
	<u>1,055,736</u>	<u>971,037</u>

29. FINANCIAL INSTRUMENTS

29.1 Financial assets

	Notes	December 31, 2024	December 31, 2023
Non-Derivative Financial Assets			
Financial assets measured at fair value			
Long term investments	9	87,138	38,000
Financial assets not measured at fair value			
Trade receivables	11	289,223	268,838
Short term investments	13	222,752	674,056
Cash and cash equivalents	14	467,796	349,340
Other receivables	12	34,524	27,291
Total financial assets		<u>1,101,433</u>	<u>1,357,525</u>

Trade receivables, cash and cash equivalent, other receivables and investments are non-derivative financial assets carried at amortised cost. The carrying value may be affected by changes in the credit risk of the counterparties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

29. FINANCIAL INSTRUMENTS (continued)

29.2 Financial liabilities

	Notes	December 31, 2024	December 31, 2023
Non-Derivative financial liabilities			
Financial liabilities not measured at fair value			
Accrued expense and other liabilities	17	339,146	301,004
Trade and other payables		252,108	322,152
Lease liabilities	7	53,274	64,033
Dividend payables		4,715	3,697
Due to related parties	27	18	1,944
Total financial liabilities		<u>649,261</u>	<u>692,830</u>

The carrying amount of financial assets and liabilities approximates their fair value.

29.3 Financial instruments carried at fair value

a) Valuation techniques used to determine fair values

The following tables show the valuation techniques used in measuring Level 2 fair values for financial instruments in the statement of financial position, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter relationship between Significant unobservable inputs and fair value measurement
Long term investments - Unquoted	The Group has used specific valuation technique to value long term investments in unquoted sukuks by deriving the mark to model value of the instrument as the sum of two components: i) value of the bond component; and ii) value of prepayment option. Value of the bond is determined using the Discounted Cash Flow model (DCF). The discount rate has been determined from a reliable Saudi Riyal denominated listed comparable bond issued by Al Rajhi which is the parent company of the issuer of the unquoted sukuks.	Not applicable.	Not applicable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

29. FINANCIAL INSTRUMENTS (continued)

29.3 Financial instruments carried at fair value (continued)

b) Valuation process

A number of the Group’s accounting policies and disclosures require the measurement of fair values. The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team from an affiliated group of KIPCO that has overall responsibility for overseeing all significant fair value measurements, including Level 2 and 3 fair values, and reports directly to the chief financial officer (CFO). The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third-party information, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the applicable standards, including the level in the fair value hierarchy in which the valuations should be classified. There were no changes in the valuation techniques during the year / period.

At each financial year-end / period-end, the finance department:

- verifies all major inputs to the independent valuation report;
- assesses valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer.

There were no transfers between levels of the fair value hierarchy during the year / period ended 31 December 2024 and 31 December 2023. Additionally, there were no changes in the valuation techniques.

30. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group’s principal financial liabilities comprise trade and other payables, accrued expenses and other liabilities, dividend payables, due to related parties and lease liabilities. The Group’s principal financial assets include Trade receivables, cash and cash equivalent, other receivables and investments. The carrying amounts of the Group’s financial instruments are reasonable approximations of fair values.

Risk management framework

The Group is exposed to market risk, credit risk and liquidity risk. The Group’s senior management oversees the management of these risks. The Group’s senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group’s senior management that the Group’s financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group’s policies and risk objectives. The Board of Directors reviews and agrees on policies for managing each of these risks, which are summarized below:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

30. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the returns. Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market profit rates or the market prices of securities due to changes in the credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises three types of risk: interest rate risk, currency risk, and other price risk such as equity price risk.

The sensitivity analyses in the following sections relate to the position as at December 31, 2024 and December 31, 2023.

i) 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 position and cash flows. The Group manages the interest rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments. At December 31, 2024 and December 31, 2023, the Group does not have any borrowings, and accordingly, no interest rate risk sensitivity is presented. Interest-bearing financial assets comprise of short term murabaha deposits and long-term investments in sukuku certificates which are at fixed interest rates; therefore, they have no material exposure to cash flow interest rate risk and fair value interest rate risk.

ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group’s functional and reporting currency is in Saudi Riyals. The Group’s transactions are principally in Saudi Riyals. Management monitors the fluctuations in currency exchange rates and believes that the currency risk is not significant. The Group is not exposed to any significant foreign currency risk from Saudi Riyals, and US Dollars denominated financial instruments. However, the Group has investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. Currently, such exposures are mainly related to exchange rate movements between local currencies against Bahraini Dinars, Polish Złoty, Kuwaiti Dinars, Jordanian Dinars, and Qatari Riyals. The Group’s management monitors such fluctuations and manages its effect on the consolidated financial statements accordingly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

30. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVE AND POLICIES
(continued)

Market risk (continued)

Following is the exposure classified into separate foreign currencies:

	<u>Average Rate</u>		<u>Spot Rate</u>	
	For the year ended	For the nine-month period ended	As at	As at
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Foreign currency per Saudi Riyal				
US Dollar	3.752	3.752	3.752	3.752
Polish zloty	0.941	0.910	0.915	0.951
Kuwaiti dinar	12.363	12.329	12.314	12.368
Bahraini dinar	9.998	9.961	9.996	9.959
Jordanian dinar	5.438	5.373	5.462	5.463
Qatari riyal	1.040	1.033	1.042	1.041

Sensitivity analysis

Every 1% increase or decrease in exchange rate with all other variables held constant will decrease or increase profit before zakat and income tax for the year / period by Saudi Riyals 0.89 million (December 31, 2023: Saudi Riyals 0.31 million).

iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from special commission rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or it's issuer, or factors affecting all similar financial instruments traded in the market. The Group does not have any financial instruments which are subject to other price risk.

Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group manages credit risk by assessing the credit worthiness of counter parties before entering into transactions as well as monitoring any outstanding exposures on a periodic basis to ensure timely settlement. Credit risk arises from cash and cash equivalents, trade receivables, investments and other receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

30. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVE AND POLICIES
(continued)

Credit risk (continued)

The Group's maximum exposure to credit risk at the reporting date is as follows:

	Notes	December 31, 2024	December 31, 2023
Financial assets			
Long term investments	9	87,138	38,000
Trade receivables	11	289,223	268,838
Short term investments	13	222,752	674,056
Cash and cash equivalents	14	455,261	346,445
Other receivables	12	34,524	27,291
		<u>1,088,898</u>	<u>1,354,630</u>

a) Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures, and controls relating to customer credit risk management. The credit quality of the customer is assessed based on a set of qualitative and quantitative factors, and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and provided that are considered doubtful of recovery.

At each reporting date, the Group assesses whether trade receivables carried at amortised cost are credit impaired. A trade receivable is 'credit-impaired' when one or more events that have detrimental impact on the estimated future cash flows of the trade receivables have occurred. A trade receivable that has been renegotiated due to deterioration in the customer's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

At December 31, 2024, the Group had five customers that accounted for approximately 43% (December 31, 2023: 48%) of total outstanding trade receivable. Trade receivables outstanding balance comprises 82% (December 31, 2023: 84%) in KSA, 0.2% (December 31, 2023: 7%) in GCC (other than KSA) and 17.8% (December 31, 2023: 9%) in other countries. Due to short term nature of the trade receivable, their carrying amount is considered to be the same as their fair value.

The requirement for impairment is analysed at each reporting date on an individual basis for major customers. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. Where recoveries are made, these are recognised in the consolidated statement of profit or loss. The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery.

The Group establishes that there is no reasonable expectation of recovery once they are not subject to enforcement activity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

30. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVE AND POLICIES
(continued)

Credit risk (continued)

a) Trade receivables (continued)

For trade receivables, the Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The provision matrix takes into account historical credit loss experience and is adjusted for average historical recovery rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Impairment (reversal) / loss on financial assets recognised in the consolidated statement of profit or loss were as follows:

	Note	For the year ended December 31, 2024	For the nine-month Period ended December 31, 2023
Impairment (reversal) / loss on trade receivables	11	<u>(3,039)</u>	<u>1,246</u>

The following table provides information about the exposure to credit risk and ECLs for trade receivables from external customers:

	Gross carrying amount
December 31, 2024	
Current (not past due)	280,458
1–90 days past due	16,744
90–180 days past due	1,081
180–270 days past due	991
270+ days past due	<u>15,927</u>
	<u>315,201</u>
	Gross carrying amount
December 31, 2023	
Current (not past due)	267,009
1–90 days past due	13,920
90–180 days past due	3,027
180–270 days past due	1,660
270+ days past due	<u>12,239</u>
	<u>297,855</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

30. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVE AND POLICIES
(continued)

Credit risk (continued)

a) Trade receivables (continued)

At December 31, the exposure to credit risk for trade receivables by geographic location was as follows:

Geographic information	December 31, 2024	December 31, 2023
Trade Receivables		
Kingdom of Saudi Arabia	260,436	248,839
Poland	38,451	26,069
Gulf Cooperation Council (GCC) countries	1,742	13,276
Others	<u>14,572</u>	<u>9,671</u>
	<u>315,201</u>	<u>297,855</u>

b) Cash and cash equivalents and investments

Credit risk from balances with banks and investments is managed in accordance with the Group's policy. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis and may be updated throughout the period. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments. The Group deals with reputable banks with investment grade credit ratings and the credit quality of the cash and cash equivalents and investments can be assessed by reference to external credit ratings.

The cash and cash equivalents and investments are treated under stage 1 and are held with bank and financial institution counterparties, which are rated A1 to A2, based on Moody's credit ratings.

c) Other receivables

Other receivables credit risk is managed by management and relates to non-trade receivables. Other receivables are considered to have low credit risk; therefore, 12 months expected loss model was used for impairment assessment. Based on the management's impairment assessment, there is no provision required in respect of these balances for the year / period presented.

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. This includes consideration of future cashflow forecasts, prepared using assumptions about the nature, timing and amount of future transactions, planned course of actions and other committed cash flows that can be considered reasonable and achievable in the circumstances of the Group. The Group monitors its liquidity risk by regular working capital excess/shortage assessment and ensuring that it has adequate liquidity to fund its day-to-day operations. Where necessary, the Group may enter into borrowing facilities with banks in order to ensure continued funding of operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

**30. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVE AND POLICIES
(continued)**

Liquidity risk (continued)

Excessive risk concentration:

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversification. Identified concentrations of credit risks are controlled and managed accordingly.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

December 31, 2024	Carrying amount	Less than 1 year	1 to 5 years	More than 5 years	Total
Trade and other payables	252,108	252,108	--	--	252,108
Accrued expense and other liabilities	339,146	339,146	--	--	339,146
Dividend payables	4,715	4,715	--	--	4,715
Due to related parties	18	18	--	--	18
Lease liabilities	53,274	9,981	22,015	42,587	74,583
	<u>649,261</u>	<u>605,968</u>	<u>22,015</u>	<u>42,587</u>	<u>670,570</u>
December 31, 2023	Carrying amount	Less than 1 year	1 to 5 years	More than 5 years	Total
Trade and other payables	322,152	322,152	--	--	322,152
Accrued expense and other liabilities	301,004	301,004	--	--	301,004
Dividend payables	3,697	3,697	--	--	3,697
Due to related parties	1,944	1,944	--	--	1,944
Lease liabilities	64,033	14,371	28,181	41,687	84,239
	<u>692,830</u>	<u>643,168</u>	<u>28,181</u>	<u>41,687</u>	<u>713,036</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

31. CAPITAL MANAGEMENT

The Group's objective when managing capital is to safeguard the Group's ability as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its businesses. The primary objective of the Group's capital management is to maximize the shareholder value.

For the purpose of the Group's capital management, capital includes issued share and paid-up capital, statutory reserve, other reserve, treasury reserve, foreign currency translation reserve and retained earnings.

The Group manages its capital structure and makes adjustment in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares.

	For the year ended December 31, 2024	For the nine- month period ended December 31, 2023
Total liabilities	844,747	889,400
Cash and cash equivalents	(467,796)	(349,340)
Net debt	<u>376,951</u>	<u>540,060</u>
Share capital	325,000	325,000
Statutory reserve	--	162,500
Other reserve	--	366,811
Treasury shares	(51,559)	(51,559)
Foreign currency translation reserve	(17,149)	(11,570)
Retained earnings	1,550,958	1,110,349
Non-controlling interests	--	304
Total equity	<u>1,807,250</u>	<u>1,901,835</u>
Net debt to equity ratio	<u>0.21</u>	<u>0.28</u>

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

32. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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.

The fair values of financial instruments are not materially different from their carrying values.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2024</u>				
Long term investments - Quoted	38,038	--	--	38,038
Long term investments - Unquoted	--	49,100	--	49,100
Assets held for sale	--	--	--	--

<u>December 31, 2023</u>				
Long term investments - Quoted	38,000	--	--	38,000
Assets held for sale	--	1,205	--	1,205

*The fair value of the assets held for sale is determined based on the subsequent selling price of the asset.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, it does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

32. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

<u>December 31, 2024</u>	<u>Carrying amount</u>			<u>Total</u>
	<u>Amortised cost</u>	<u>Fair value through profit or loss</u>	<u>Fair value through other comprehensive income</u>	
<u>Description:</u>				
Financial assets measured at fair value				
Long-term investments	--	87,138	--	87,138
Financial assets not measured at fair value				
Trade receivables	289,223	--	--	289,223
Short term investments	222,752	--	--	222,752
Cash and cash equivalents	467,796	--	--	467,796
Other receivables	34,524	--	--	34,524
Financial liabilities not measured at fair value				
Accrued expenses and other liabilities	339,146	--	--	339,146
Trade and other payables	252,108	--	--	252,108
Lease liabilities	53,274	--	--	53,274
Dividend payables	4,715	--	--	4,715
Due to related parties	18	--	--	18
<u>December 31, 2023</u>				
	<u>Amortised cost</u>	<u>Fair value through profit or loss</u>	<u>Fair value through other comprehensive income</u>	<u>Total</u>
<u>Description:</u>				
Financial assets measured at fair value				
Long term investments	--	38,000	--	38,000
Financial assets not measured at fair value				
Trade receivables	268,838	--	--	268,838
Short term investments	674,056	--	--	674,056
Cash and cash equivalents	349,340	--	--	349,340
Other receivables	27,291	--	--	27,291
Financial liabilities not measured at fair value				
Accrued expenses and other liabilities	301,004	--	--	301,004
Trade and other payables	322,152	--	--	322,152
Lease liabilities	64,033	--	--	64,033
Dividend payables	3,697	--	--	3,697
Due to related parties	1,944	--	--	1,944

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

33. DIVIDENDS

Following dividends were announced during the year:

The Board of directors of the Group in their meeting held on February 27, 2024 approved the distribution of dividend at Saudi Riyals 6 per share (December 31, 2023: Saudi Riyals 3 per share), amounting to Saudi Riyals 192 million (December 31, 2023: Saudi Riyals 96 million).

In the Annual General Assembly Meeting of the Company held on May 13, 2024, the shareholders approved final dividend of Saudi Riyals 6 per share (December 31, 2023: Saudi Riyals 3 per share) amounting to Saudi Riyals 192 million (December 31, 2023: Saudi Riyals 96 million).

The Board of directors of the Group in their meeting held on September 15, 2024 approved the distribution of dividend at Saudi Riyals 6 per share (December 31, 2023: Saudi Riyals 3 per share), amounting to Saudi Riyals 192 million (December 31, 2023: Saudi Riyals 96 million).

34. CONTINGENCIES, COMMITMENTS AND OTHER INFORMATION

34.1 Contingencies

As at December 31, 2024, the banks have issued letter of guarantees on behalf of Group amounting to Saudi Riyals 1.8 million (December 31, 2023: Saudi Riyals 2 million) for various business needs.

34.2 Commitments and other information

As at December 31, 2024, the Group has outstanding commitments for future capital expenditures amounting to Saudi Riyals 61 million (December 31, 2023: Saudi Riyals 64.8 million).

35. SUBSEQUENT EVENTS

The Board of directors of the Group in their meeting held on March 17, 2025, approved the distribution of dividend at Saudi Riyals 9 per share, amounting to Saudi Riyals 288 million. The consolidated financial statements for the period ended December 31, 2024, do not include the effect of these appropriations which will be accounted for in the consolidated financial statements for the year ending December 31, 2025.

Except for this, there have been no significant subsequent events since the year end up to and including the date of the approval of these consolidated financial statements by the Board of Directors that would require disclosures or adjustments in these consolidated financial statements.

36. AUTHORIZATION OF FINANCIAL INFORMATION

These consolidated financial statements were approved and authorized for issue by the Board of Directors of the Group on March 16, 2025, corresponding to Ramadan 16, 1446H.



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