

AGTHIA GROUP PJSC

**Reports and condensed consolidated
financial statements for the three-month
period ended 31 March 2022**

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AGTHIA GROUP PJSC DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present our quarterly report and condensed consolidated financial statements of Agthia Group PJSC (the "Company") and its subsidiaries (the "Group") for the period ended 31 March 2022.

As we enter the second year of our five-year strategy, 2022 sees us continuing to focus on our transformational journey while navigating ongoing market volatility and unprecedented inflationary pressure. We continue to proactively manage cost and supply chain disruptions by maintaining our strategic efforts on 1) optimizing our product and channel mix, 2) pricing to address input costs whilst preserving product quality and availability, and 3) optimizing our cost structure and accelerating synergy extraction from acquired entities.

Quarter one of 2022 marks the first quarter to consolidate the performance of all five acquisitions announced throughout 2021. M&A strategy execution has laid the foundations for reshaping the business model into four primary verticals, in line with our tactical approach of unlocking new revenue streams in the consumer-based value-add products. Seamless integration of the acquired entities into Agthia remains the core focus of our Transformation office to set the roadmap for 2022 onwards, while ensuring we are on track to reap the benefits of the continuous journey of integration:

- Al Foah Dates in UAE: Phase one of the integration was completed as planned in 2021. We successfully re-sized the organization while integrating processes and people and unlocking sizable synergies. This year sees our focus shift onto long-term growth initiatives and building our snacking footprint across markets. During the first quarter of 2022, we have progressed with rebranding our core Date Crown portfolio and value engineering packaging to support better brand positioning with an optimized cost structure.
- Al Faysal Bakery in Kuwait: The 2021 integration focus was directed towards processes and governance while ensuring business continuity and on-track execution. This year will see us shift focus to a consolidated management structure in Kuwait to allow us to leverage Al Faysal's strong selling and distribution network in the country to unlock go-to-market opportunities for other Agthia business lines. We successfully piloted the launch of Al Foah and BMB products in Kuwait via Al Faysal and will continue to monitor progress and plan new launches.
- Nabil Foods in Jordan and Atyab in Egypt: Our 2022 focus is to consolidate Nabil Foods and Atyab operations under one Protein business unit to enhance Agthia's strategy to diversify its offering. In Q1, we completed a diagnosis of the value creation opportunities arising from the consolidation of Atyab and Nabil Food and mapped out a plan for long-term value-enhancing integration of the two businesses. Going forward, both teams will focus on executing the plan and realizing synergies.
- BMB Group in UAE: Q1 2022 focus was on the first 100 days diagnosis which is near completion along with initiating low-hanging synergies. We have taken a cautious approach to integration, to ensure we maintain the entrepreneurial mindset that has been the cornerstone of the success of this business. We are now in the process of initiating a long-term value creation plan focused on co-new product development opportunities, go-to-market synergies and consolidation of production sites.

In summary, as we execute the M&A strategy with discipline, we pursue achieving a seamless transition, rapidly identifying commercial benefits and extracting cost synergies to reposition Agthia Group towards heightened growth and competitiveness.

On 7 April 2022, the Company held its Annual General Meeting where shareholders approved an 8.25% dividend per share for the second half of 2021 in line with the semi-annual dividend policy. Total dividends distributed for the year amounted to AED 130.6 million (AED 118.8 million in 2020). The shareholders also approved the appointment of our first female board representative, Ms. Sharmila Jennifer Murat. We extend our gratitude and regards to Mr. Saifuddin Rupawala who resigned from the board to focus entirely on running LuLu Group International. Furthermore, to showcase our commitment to monitoring and reporting our environmental, social and governance performance, we successfully published the 2021 Sustainability Report, our second standalone report, which is available on the Company's corporate website.

In the first quarter of 2022, **Group net revenues** registered 58% y-o-y growth crossing the AED 1 billion mark for the first quarter since inception. The Protein & Frozen segment contributed 28%, Snacking segment 24%, Water & Beverage and Other Food items segment 23%, and Agri segment 25% to Q1 2022 Group revenues.

Consumer business division (CBD), under which the newly acquired entities are consolidated, recorded substantial growth of 83% versus last year. Recording AED 787 million in top-line, CBD now encompasses 75% of total group sales, in line with our strategy of diversifying our revenue streams towards higher growth consumer goods categories.

- **Protein & Frozen** (Nabil Foods, Atyab, Tomato Paste and Frozen Vegetables): Revenue came in at AED 294 million during Q1 2022, of which AED 253 million was collectively added by the consolidation of Nabil Foods and Atyab. Both businesses recorded higher sales growth versus the same period last year, supported by strong recovery in the Food Service channel for Nabil Foods and increased demand for cold cuts and chicken categories for Atyab. Overall segment margin enhanced as we included margin accretive businesses this year. Higher raw material and freight costs nevertheless weigh down individual profitability margins and this was particularly evident for Nabil Foods given the channel mix (food service vs. retail). EGP devaluation during the latter part of March 2022 adversely impacted the expected contribution from Atyab.
- **Snacking** (Al Foah Dates, BMB Group, Bakery in UAE and Al Faysal Bakery in Kuwait): Revenues came in at AED 255 million with the first quarter inclusion of BMB contributing AED 76 million and exclusion of frozen and ambient Bakery in UAE after a discontinuation decision for recurring losses. Both Al Foah and Al Faysal recorded higher y-o-y growth in top-line versus the same period last year as the former benefitted from a Ramadan shift in timing and the latter from the opening of schools. Overall profitability for the segment improved on continued cost optimization and synergies which more than offset higher raw and packaging material costs.
- **Water & Other Food items** (Water, Beverage, Dairy and Trading items):
 - **Water & Beverage** revenues of AED 184 million recorded slightly lower sales versus last year (-4% y-o-y) driven by lower KSA water sales on competition and the strategic decision to discontinue the loss-making Beverage business (lost sales of AED 8 million) which more than offset the improved water performance across UAE, Kuwait, Oman and Turkey. In the local market, UAE water (Bottled Water + 5-gallon HOD) recorded higher sales during the period driven by rebound in volumes across retail and food services channels for bottled water and across corporates for 5-gallon HOD. In the retail channel, Agthia's bottled water portfolio continues to preserve market leadership at a respective 28.6% and 28.5%

volume and value shares¹ despite the highly competitive environment. The impact of increased promotional index, higher PET resin prices and packaging material costs continues to linger on water segment profitability.

- **Other Food items** (Dairy and Trading Items): Other Food Items recorded sales of AED 54 million, up 7% relative to the same period last year on favourable mix management, strategic pricing activations and competitive promotions.

Agri-business division (ABD) revenues of AED 266 million were 13% higher versus last year. On profitability, global inflation in grain prices and freight costs put persistent pressure on margins which we continue to address through operational efficiencies and pricing adjustments.

Group net profit² in Q1 2022 prevailed at AED 82 million, growing by 66% y-o-y at a higher rate versus top-line. This is mainly driven by the consolidation of margin-accretive acquired entities and cost optimization initiatives from integration and productivity enhancements, both of which more than offset higher input and transportation costs.

Total group assets as of 31 March 2022 reached AED 6.6 billion. **Total shareholders' equity** stood at AED 2.8 billion.

All in, I am pleased to present our first three months of 2022 as we demonstrated our ability to integrate the newly acquired companies while protecting our core business in the face of an amplified inflationary environment. We remain committed to driving value as we continue implementing our strategy despite challenging market conditions.


Khalifa Sultan Al Suwaidi
Chairman
09 May 2022



¹ AC Nielsen retail audit for bottled water excluding mineral water - MAT Feb 2022 submission

² Attributable to shareholders

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AGTHIA GROUP PJSC

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Agthia Group PJSC (the “Company”) and its subsidiaries (together referred to as (the “Group”) as at 31 March 2022 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34, “*Interim Financial Reporting*”. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects in accordance with IAS 34, “*Interim Financial Reporting*”.

Deloitte & Touche (M.E.)



Mohammad Khamees Al Tah
Registration Number 717
09 May 2022
Abu Dhabi
United Arab Emirates

**Condensed consolidated statement of financial position
as at 31 March 2022**

	Notes	31 March 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
ASSETS			
Non-current assets			
Right-of-use assets		106,267	109,444
Property, plant and equipment	6	1,469,793	1,500,436
Investment in an associate and a joint venture	7	21,047	24,251
Goodwill	8	1,646,032	1,646,032
Intangible assets	9	432,966	439,110
Total non-current assets		3,676,105	3,719,273
Current assets			
Inventories	10	664,528	708,241
Trade and other receivables	11	871,088	813,044
Government compensation receivable	12	28,590	10,283
Due from related parties	17	20,903	14,778
Cash and bank balances	13	1,302,670	1,123,257
Total current assets		2,887,779	2,669,603
Total assets		6,563,884	6,388,876

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

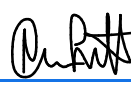
**Condensed consolidated statement of financial position
as at 31 March 2022 (continued)**

	Notes	31 March 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
EQUITY AND LIABILITIES			
Equity			
Share capital		791,577	791,577
Share premium		652,097	652,097
Legal reserve		227,263	227,263
Translation reserve		(99,846)	(77,742)
Retained earnings		1,256,736	1,166,698
Equity attributable to the owners of the Company		2,827,827	2,759,893
Non-controlling interests		202,041	198,626
Total equity		3,029,868	2,958,519
Non-current liabilities			
Provision for employees' end of service benefits		116,210	123,817
Bank borrowings	14	1,623,377	1,636,953
Lease liabilities		70,386	74,107
Deferred government grant	15	27,508	28,940
Total non-current liabilities		1,837,481	1,863,817
Current liabilities			
Bank borrowings	14	541,614	422,224
Lease liabilities		33,524	33,092
Deferred government grant	15	10,142	11,245
Trade and other payables	16	987,559	976,283
Contingent considerations	23	123,696	123,696
Total current liabilities		1,696,535	1,566,540
Total liabilities		3,534,016	3,430,357
Total equity and liabilities		6,563,884	6,388,876

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

These condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 9 May 2022 and signed on its behalf:


Khalifa Sultan Al Suwaidi
Chairman


Alan Smith (May 9, 2022 13:04 GMT+4)
Alan Smith
Chief Executive Officer


Ammar Al Ghouli
Chief Financial Officer

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

**Condensed consolidated statement of profit or loss (unaudited)
for the three-month period ended 31 March 2022**

	Note	Three-month period ended 31 March	
		2022 AED'000	2021 AED'000
Revenue		1,053,140	665,524
Cost of sales		(744,875)	(461,239)
Gross profit		308,265	204,285
Selling and distribution expenses		(128,608)	(100,254)
General and administrative expenses		(81,462)	(64,020)
Research and development cost		(2,519)	(2,104)
Other income, net		6,204	11,924
Operating profit		101,880	49831
Finance income		5,252	3,753
Finance expense		(9,817)	(2,843)
Share of profit/(loss) from investment in a joint venture and an associate		1,036	(312)
Profit for the period before income tax and zakat		98,351	50,429
Income tax and zakat expenses		(7,590)	(393)
Profit for the period		90,761	50,036
Attributable to:			
Owners of the Company		82,194	49,584
Non-controlling interest		8,567	452
		90,761	50,036
Basic and diluted earnings per share (AED)	18	0.104	0.069

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

**Condensed consolidated statement of comprehensive income (unaudited)
for the three-month period ended 31 March 2022**

	Three month-period ended 31 March	
	2022 AED'000	2021 AED'000
Profit for the period	90,761	50,036
Other comprehensive income:		
<i>Item that may be subsequently reclassified to profit or loss</i>		
Foreign currency translation difference on foreign operations	(27,317)	(2,412)
<i>Item that will not be subsequently reclassified to profit or loss</i>		
Re-measurement of employees' end of service benefits	7,905	3,248
	<hr/>	<hr/>
Other comprehensive (loss)/income	(19,412)	836
	<hr/>	<hr/>
Total comprehensive income for the period	71,349	50,872
	<hr/> <hr/>	<hr/> <hr/>
Attributable to:		
Owners of the Company	67,933	50,224
Non-controlling interest	3,416	648
	<hr/>	<hr/>
	71,349	50,872
	<hr/> <hr/>	<hr/> <hr/>

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

**Condensed consolidated statement of changes in equity
for the three-month period ended 31 March 2022**

	Share capital AED'000	Share premium AED'000	Legal reserve AED'000	Translation reserve AED'000	Retained earnings AED'000	Attributable to Owners of the Company AED'000	Non- controlling interest AED'000	Total AED'000
Balance at 31 December 2020 (audited)	600,000	-	205,659	(64,254)	1,157,104	1,898,509	29,662	1,928,171
Profit for the period	-	-	-	-	49,584	49,584	452	50,036
<i>Other comprehensive income/(loss) for the period:</i>								
Foreign currency translation difference on foreign operations	-	-	-	(2,602)	-	(2,602)	190	(2,412)
Remeasurement of employees' end of service benefits	-	-	-	-	3,242	3,242	6	3,248
<i>Total comprehensive income/(loss) for the period</i>	-	-	-	(2,602)	52,826	50,224	648	50,872
Issuance of share capital	120,000	330,000	-	-	-	450,000	-	450,000
Balance at 31 March 2021 (unaudited)	720,000	330,000	205,659	(66,856)	1,209,930	2,398,733	30,310	2,429,043
Balance at 31 December 2021 (audited)	791,577	652,097	227,263	(77,742)	1,166,698	2,759,893	198,626	2,958,519
Profit for the period	-	-	-	-	82,194	82,194	8,567	90,761
<i>Other comprehensive income/(loss) for the period:</i>								
Foreign currency translation difference on foreign operations	-	-	-	(22,104)	-	(22,104)	(5,213)	(27,317)
Remeasurement of employees' end of service benefits	-	-	-	-	7,844	7,844	61	7,905
<i>Total comprehensive income/(loss) for the period</i>	-	-	-	(22,104)	90,038	67,934	3,415	71,349
Balance at 31 March 2022 (unaudited)	791,577	652,097	227,263	(99,846)	1,256,736	2,827,827	202,041	3,029,868

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

**Condensed consolidated statement of cash flows (unaudited)
for the three-month period ended 31 March 2022**

	Notes	Three-month period ended 31 March	
		2022 AED'000	2021 AED'000
Cash flows from operating activities			
Profit for the period		90,761	50,036
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	6	40,137	34,505
Amortisation of intangible assets	9	5,879	615
Amortisation of right-of-use-assets		10,212	7,371
Finance income		(5,252)	(3,753)
Finance expense		8,022	1,672
Provision for employees' end of service benefits		4,268	3,706
Interest on lease liabilities		1,549	760
Movement in allowance for impairment losses of trade receivables, net	11	1,903	(34)
(Gain)/loss on sale of property, plant and equipment	6	(200)	51
Income tax and zakat expenses		7,590	393
Movement in provision for slow moving inventory, net		115	(3,771)
Share of (profit)/loss from investment in a joint venture and an associate		(1,036)	312
Net cash from operating activities before movement in working capital		163,948	91,863
<i>Changes in:</i>			
Inventories		43,598	48,756
Trade and other receivables		(58,866)	11,966
Due from related parties		(6,125)	144,096
Government compensation receivable		(18,307)	(31,375)
Due to a related party		-	(4,895)
Deferred government grant		(2,535)	(7,399)
Trade and other payables		12,813	(86,541)
Cash generated from operations		134,526	166,471
Payment of employees' end of service benefits		(3,924)	(3,705)
Income tax paid		(11,050)	(390)
Net cash generated from operating activities		119,552	162,376
Cash flows from investing activities			
Acquisition of property, plant and equipment	6	(30,491)	(12,921)
Investment in fixed deposits, net		(64,880)	(51,241)
Interest received		4,171	8,402
Dividends received from as associate		4,240	-
Investment in a subsidiary, net of cash		-	(144,769)
Cash acquired from an investment in a subsidiary		-	46,494
Proceeds from sale of property, plant and equipment		302	148
Net cash used in investing activities		(86,658)	(153,887)
Cash flows from financing activities			
Bank borrowings, net		121,907	76,326
Repayment of a long-term loan		(15,724)	(4,764)
Proceeds from a long-term loan		-	150,000
Interest paid		(6,099)	(1,938)
Repayment of principal repayment of lease liability		(14,820)	(9,187)
Net cash generated from financing activities		85,264	210,437
Increase in cash and cash equivalents		118,158	218,926
Effect of foreign exchange		(3,256)	(1,167)
Cash and cash equivalents as at 1 January	13	227,863	155,471
Cash and cash equivalents as at 31 March	13	342,765	373,230

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

Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2022

1 General information

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

In response to the spread of the Covid-19 where the Group operates and its resulting disruptions to the social and economic activities in those markets, the Group management has proactively assessed its impacts on its operations and has taken a series of preventive measures, including the creation of a contingency plan, to ensure the health and safety of its employees, customers, consumers and wider community as well as to ensure the continuity of supply of its products throughout its markets . The Group business operations currently remain largely unaffected as the food and beverage industry in general is exempted from various bans and constraints imposed by various regulatory authorities. Based on these factors, the Group management believes that the Covid-19 pandemic has had no material effects on the Group reported condensed consolidated financial results for the period ended 31 March 2022. The Group management continues to monitor the situation closely.

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

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

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

Name of the subsidiary	Place of incorporation and operation	Legal ownership interest %		Beneficial ownership interest (%)		Principal activities
		31 March 2022	31 December 2021	31 March 2022	31 December 2021	
Grand Mills Company PJSC (Agri business division)	UAE	100	100	100	100	Production and sale of flour and animal feed.
Al Ain Food and Beverages PJSC (Al Ain Water)	UAE	100	100	100	100	Production and sale of bottled water, flavored water, juices, yogurt, tomato paste, frozen vegetables, frozen baked products and trading products.
Agthia Group Egypt LLC (Agthia Egypt)	Egypt	100	100	100	100	Processing and sale of tomato paste, chilli paste, fruit concentrate and frozen vegetables.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

1 General information (continued)

Name of the subsidiary	Place of incorporation and operation	Legal ownership interest %		Beneficial ownership interest (%)		Principal activities
		31 March 2022	31 December 2021	31 March 2022	31 December 2021	
Al Bayan Purification and Potable Water LLC (Al Bayan)	UAE	100	100	100	100	Production, bottling and sale of bottled water.
Delta Alagthia for Manufacturing Company Limited (Delta)	KSA	100	100	100	100	Production, bottling and sale of bottled water.
Al Rammah National for General Trading and Contracting Company WLL (Al Rammah)	Kuwait	50	50	50	50	Production, bottling and sale of bottled water.
Al Foah Company LLC (Foah)	UAE	100	100	100	100	Sourcing, processing and trading of dates related products
Al Faysal Bakery and Sweets Company WLL (Al Faysal)	Kuwait	100	100	100	100	Manufacturing and trading in bakery and foodstuff
Al Nabil Food Industries LLC (Al Nabil)	Jordan	80	80	80	80	Manufacturing and trading in processed protein food products
Ismailia Agricultural and Industrial Investment (Furat) (Atyab)	Egypt	75.02	75.02	75.02	75.02	Manufacturing and trading in processed protein food products
Mediterranean Confectionery Company Limited (BMB) (note 23) *	KSA	100	100	80	80	Trading of foodstuff and bakery products.
Baklawa Made Better Investments LLC (BMB) (note 23) *	UAE	100	100	80	80	Manufacturing and trading of sweets and snacking items.

* Represents the Group beneficial ownership after excluding the economic interest of the management party (note 23). Agthia Group legally owns 100% of these companies issued share capital.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)****2 Application of new and revised International Financial Reporting Standards (“IFRSs”)****2.1 New and revised IFRSs applied with no material effect on the condensed consolidated financial statements**

In the current period, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (“IASB”) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current period but may affect the accounting for the Group’s future transactions or arrangements.

- *Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37*
An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.
- *Reference to the Conceptual Framework – Amendments to IFRS 3*
The amendments replace a reference to a previous version of the IASB’s Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.
- *Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16*
The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.
- *IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter*
The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent’s consolidated financial statements, based on the parent’s date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)****2 Application of new and revised International Financial Reporting Standards (“IFRSs”) (continued)****2.1 New and revised IFRSs applied with no material effect on the condensed consolidated financial statements (continued)**

- *IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities*
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.
- *IAS 41 Agriculture – Taxation in fair value measurements*
The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 January 2022.

2.2 New and revised IFRS in issue but not yet effective and not early adopted

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

- *Classification of Liabilities as Current or Non-Current - amendments to IAS 1 (effective from 1 January 2023)*. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.
- *Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011)* relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture. (Effective date deferred indefinitely. Adoption is still permitted).
- *Annual Improvements to IFRS Standards 2018–2020 (effective from 1 January 2022)*. The Annual Improvements include amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards (effective from January 1, 2022), IFRS 9 Financial Instruments (effective from 1 January 2022), IFRS 16 Leases (effective date not yet decided) and IAS 41 Agriculture (effective from 1 January 2022).
- *Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (effective from 1 January 2023)*. The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)****2 Application of new and revised International Financial Reporting Standards (“IFRSs”)
(continued)****2.2 New and revised IFRS in issue but not yet effective and not early adopted (continued)**

- *Definition of Accounting Estimates - Amendments to IAS 8 (effective from 1 January 2023)*. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS12 (effective from 1 January 2023)*. The main change in Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) is an exemption from the initial recognition exemption provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. This is also explained in the newly inserted paragraph IAS12.22A.
- *IFRS 17: Insurance Contracts (effective from 1 January 2023)*. IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as at 1 January 2023.

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

There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on the condensed consolidated financial information of the Group.

3 Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, “Interim Financial Reporting” and also comply with the applicable requirements of UAE laws and regulations.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)****3 Basis of preparation (continued)**

These condensed consolidated financial statements are presented in UAE Dirhams (AED) since that is the currency in which the majority of the Group's transactions are denominated and all values are rounded to the nearest thousand (AED'000) except when otherwise indicated.

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

These condensed consolidated financial statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's audited consolidated financial statements as at and for the year ended 31 December 2021. In addition, results for the three-months period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

4 Summary of significant accounting policies

The accounting policies used in the preparation of this condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2021, and the notes attached thereto.

5 Accounting estimates and judgements

The critical judgements and estimates used in the preparation of these condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021. However, as explained in Note 1 above, the Group has reviewed the key sources of estimation uncertainties disclosed in the last annual consolidated financial statements against the backdrop of Covid-19 pandemic. Management believes that other than the expected credit losses arising on the financial assets, all other sources of estimation uncertainty remain similar to those disclosed in the annual consolidated financial statements. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)****6 Property, plant and equipment**

During the three-month period ended 31 March 2022, the Group invested in property, plant and equipment for an amount of AED 30,491 thousand (31 March 2021: AED 12,921 thousand).

Assets with a carrying amount of AED 102 thousand were disposed during the three-month period ended 31 March 2022 (31 March 2021: AED 199 thousand), resulting in a gain of AED 200 thousand (31 March 2021: loss of AED 51 thousand) which is included in other income, net.

Furthermore, the depreciation charge on property, plant and equipment during the three-month period ended 31 March 2022 amounted to AED 40,137 thousand (31 March 2021: AED 34,505 thousand).

7 Investment in an associate and a joint venture

Investment in joint venture represents 50% ownership interest in Palmera for Dates Cultivation and Trading LLC (incorporated in Jordan) acquired in 2021 through the acquisition of the Group's subsidiary (Al Foah Company LLC). The joint venture is accounted for using the equity method in these condensed consolidated financial statements. The principal activity of the joint venture is the production of all types of agricultural products.

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

8 Goodwill

For the purpose of impairment testing goodwill is allocated to the Group's cash generating units where the Group's goodwill is monitored for internal management purposes. Impairment testing is conducted at least on an annual basis or when an indication that the asset has been impaired. During the three-month period ended 31 March 2022, there were no impairment indicators for the goodwill across all cash generating units.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

9 Intangible assets

The amortisation charge on intangible assets during the three-month period ended 31 March 2022 amounted to AED 5,879 thousand (31 March 2021: AED 615 thousand).

10 Inventories

During the three-month period ended 31 March 2022, the Group recorded a net provision for slow, non-moving and obsolete inventory of AED 115 thousand (31 March 2021: AED 3,768 thousand). The charge is included in cost of sales.

Furthermore, the Group has written off previous provisions for slow, non-moving and obsolete inventory of AED 3,331 thousand (31 March 2021: AED 7,539 thousand).

11 Trade and other receivables

	31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Trade receivables	854,120	826,183
Allowance for impairment losses	(126,624)	(141,850)
	<hr/>	<hr/>
	727,496	684,333
Other receivables	49,311	56,561
Prepayments and advances	94,281	72,150
	<hr/>	<hr/>
	871,088	813,044
	<hr/> <hr/>	<hr/> <hr/>

The movement in the allowance for impairment losses in respect of trade receivables during the three-month period/year was as follows:

	31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Balance at beginning of the period/year	141,850	116,345
Acquired through business combinations	-	27,776
Charge for the period/year, net	1,903	12,674
Written off for the period/year	(17,129)	(14,945)
	<hr/>	<hr/>
Balance at end of the period/year	126,624	141,850
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

12 Government compensation receivables

Government compensation receivables pertains to subsidy funds that compensate the Group for selling flour and animal feed in the Emirate of Abu Dhabi.

The movement in the government compensation receivable during the three-month period/ year is as follows:

	31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Opening balance	10,283	12,451
Compensation claimed for the period/ year	28,571	150,708
Amounts received	(10,264)	(152,876)
	<hr/>	<hr/>
Closing balance	28,590	10,283
	<hr/> <hr/>	<hr/> <hr/>

13 Cash and bank balances

	31 March 2022 AED'000 (unaudited)	31 March 2021 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Cash on hand	8,945	4,004	5,168
Current and savings accounts	358,788	394,207	248,032
	<hr/>	<hr/>	<hr/>
Cash and bank balances	367,733	398,211	253,200
Restricted cash	(24,964)	(24,981)	(24,969)
Bank overdrafts	(4)	-	(368)
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents in the condensed consolidated statement of cash flows	342,765	373,230	227,863
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Cash and bank balances	367,733	398,211	253,200
Fixed deposits	934,937	646,283	870,057
	<hr/>	<hr/>	<hr/>
Cash and bank balances in the condensed consolidated statement of financial position	1,302,670	1,044,494	1,123,257
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

13 Cash and bank balances (continued)

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

Restricted cash represents amounts mainly set aside for payment of dividend distribution from 2009 to 2014. Equivalent amount has been recorded as liability in trade and other payables. Restricted cash balance has not been included in the cash and cash equivalents for the purpose of consolidated statement of cash flows.

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

14 Bank borrowings

Contractual terms of the Group's interest-bearing / profit-bearing loans and borrowings were:

	31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Current liabilities:		
Credit facilities	528,162	406,173
Overdraft	4	368
Term loans	13,448	15,683
	<hr/> 541,614 <hr/>	<hr/> 422,224 <hr/>
Non-current liabilities		
Term loans	1,623,377	1,636,953
	<hr/> 1,623,377 <hr/>	<hr/> 1,636,953 <hr/>

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

14 Bank borrowings (continued)

	31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Current liabilities:		
Within UAE	483,058	373,281
Outside UAE	58,556	48,943
	<hr/> 541,614 <hr/>	<hr/> 422,224 <hr/>
Non-current liabilities		
Within UAE	1,586,163	1,586,163
Outside UAE	37,214	50,790
	<hr/> 1,623,377 <hr/>	<hr/> 1,636,953 <hr/>

15 Deferred government grant

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

16 Trade and other payables

	31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Trade payables	387,490	371,378
Accrued expenses	363,122	350,276
Advances and deposits	38,622	49,844
Unclaimed dividends (2009-2014)	25,645	25,651
Other payables	172,680	179,134
	<hr/> 987,559 <hr/>	<hr/> 976,283 <hr/>

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

17 Balances and transactions with related parties

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

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

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

a) Key management personnel compensation

Key management personnel compensation for the period was as follows:

	Three-month period ended	
	31 March 2022 AED'000 (unaudited)	31 March 2021 AED'000 (unaudited)
Short term employment benefits	5,740	5,110
Long term employment benefits	1,171	1,638
	<hr/>	<hr/>
	6,911	6,748
	<hr/> <hr/>	<hr/> <hr/>

b) Amounts due from related parties

	31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Dubai Cable Company (Private) Limited - affiliated company	155	138
Emirates Iron & Steel Company LLC – affiliated company	417	288
Kottouf & Hala Trading Co. – associate company	20,331	14,352
	<hr/>	<hr/>
	20,903	14,778
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

17 Balances and transactions with related parties (continued)

d) Transactions with related parties

	31 March 2022 AED'000 (unaudited)	31 March 2021 AED'000 (unaudited)
Sales	27,030	218

18 Basic and diluted earnings per share

	Three-month period ended	
	31 March 2022 (unaudited)	31 March 2021 (unaudited)
Profit for the period attributable to the owners of the Company (AED'000)	82,194	49,584
Weighted average number of ordinary shares in issue throughout the period ('000)	791,577	720,000
Basic and diluted earnings per share (AED)	0.104	0.069

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

19 Segmental analysis

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

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)****19 Segmental analysis (continued)**

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

Agri Business Division ("ABD")

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

Consumer Business Division ("CBD")

- Water and Food segment includes manufacturing, bottling, and distribution of drinking water, beverages, juices, dairy and trading products.
- Protein and Frozen Vegetables segment includes manufacturing, packaging, distribution and trading of tomato and chili paste, fruit concentrate, frozen vegetables and processed protein products.
- Snacks segment includes manufacturing, packaging, distribution of dates, sweets, baklava and bakery products.

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

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

19 Segmental analysis (continued)

	Agri Business Division (“ABD”)		Consumer Business Division (“CBD”)								Total	
	31 March 2022 AED’000	31 March 2021 AED’000	Water and Food	Protein and FV	Snacks	Total CBD	Total					
			31 March 2022 AED’000	31 March 2021 AED’000	31 March 2022 AED’000	31 March 2021 AED’000	31 March 2022 AED’000	31 March 2021 AED’000	31 March 2022 AED’000	31 March 2021 AED’000	31 March 2022 AED’000	31 March 2021 AED’000
Revenues	276,394	242,616	247,615	251,121	299,075	41,096	256,970	154,591	803,660	446,808	1,080,054	689,424
Intra-group	(9,992)	(7,640)	(9,640)	(8,954)	(5,017)	(7,306)	(2,265)	-	(16,922)	(16,260)	(26,914)	(23,900)
External revenues	266,402	234,976	237,975	242,167	294,058	33,790	254,705	154,591	786,738	430,548	1,053,140	665,524
Gross profit	65,342	54,208	88,522	96,907	75,906	6,709	80,905	49,155	245,333	152,771	310,675	206,979
Reportable segment profit	42,294	31,620	6,137	11,954	22,922	2,504	44,092	27,058	73,151	41,516	115,445	73,136
<i>Material non-cash item</i>												
Impairment loss on trade receivables, net	1,047	710	1,210	891	-	-	(354)	-	856	891	1,903	1,601

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

19 Segmental analysis (continued)

	<u>Agri Business Division (ABD)</u>		<u>Consumer Business Division (CBD)</u>		<u>Total Segments</u>	
	31 March 2022 AED'000	31 December 2021 AED'000	31 March 2022 AED'000	31 December 2021 AED'000	31 March 2022 AED'000	31 December 2021 AED'000
<i>Others:</i>						
Segment assets	777,516	606,456	2,765,171	2,786,099	3,542,687	3,392,555
Segment liabilities	233,583	221,156	1,043,354	1,053,757	1,276,937	1,274,913
	<u>Agri Business Division (ABD)</u>		<u>Consumer Business Division (CBD)</u>		<u>Total Segments</u>	
	31 March 2022 AED'000	31 March 2021 AED'000	31 March 2022 AED'000	31 March 2021 AED'000	31 March 2022 AED'000	31 March 2021 AED'000
Capital expenditure	2,018	544	28,089	12,377	30,107	12,921

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

19 Segmental analysis (continued)

Reconciliations of reportable segments' profit or loss and gross profit are as follows:

Gross profit for the three-month period ended

	Three-month period ended	
	31 March 2022 (unaudited) AED'000	31 March 2021 (unaudited) AED'000
Total gross profit for reportable segments	310,675	206,979
Unallocated gross loss	(2,410)	(2,694)
Consolidated gross profit for the period	308,265	204,285

Profit for the three-month period ended

	Three-month period ended	
	31 March 2022 (unaudited) AED'000	31 March 2021 (unaudited) AED'000
Total profit for reportable segments	115,445	73,136
<u>Unallocated amounts</u>		
Other operating expenses	(21,309)	(25,347)
Net finance income	(3,375)	2,247
Consolidated profit for the period	90,761	50,036
Non-controlling interests	(8,567)	(452)
Consolidated profit for the period attributable to the Owners of the Company	82,194	49,584

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

19 Segmental analysis (continued)

Reconciliation of reportable segments' assets and liabilities are as follows:

	31 March 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
Segment Assets		
Agri Business Division	777,516	606,456
Consumer Business Division	2,765,171	2,786,099
	<hr/>	<hr/>
Total assets for reportable segments	3,542,687	3,392,555
Other unallocated amounts	3,042,942	2,996,321
	<hr/>	<hr/>
Total assets	6,585,629	6,388,876
	<hr/> <hr/>	<hr/> <hr/>
Segment Liabilities		
Agri Business Division	233,583	221,156
Consumer Business Division	1,043,354	1,053,757
	<hr/>	<hr/>
Total liabilities for reportable segments	1,276,937	1,274,913
Other unallocated amounts	2,278,824	2,155,444
	<hr/>	<hr/>
Total liabilities	3,555,761	3,430,357
	<hr/> <hr/>	<hr/> <hr/>

20 Seasonality of results

The Group's dates business, included in the Food segment under the Consumer Business Division, is subject to seasonality coinciding with the harvesting and collection season and hence tend to peak during the period from September to April in UAE and other key geographic areas.

Other than the above, for the three-month period ended 31 March 2022, no significant income of a seasonal nature was recorded in the condensed consolidated statement of profit or loss for the three-month period ended 31 March 2022 and 2021.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

21 Contingent liabilities and commitments

	31 March 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
Bank guarantees	22,896	39,660
Letters of credit	68,697	111,513
Capital commitments	40,428	44,971

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

22 Fair value of financial instruments

The Group does not have any financial instruments being measured at fair value at each period / year presented of its condensed consolidated statement of financial position.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants as at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The fair value hierarchy levels have been defined as follows:

- **Level 1** – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- **Level 3** – fair value measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

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

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

23 Business combinations

Ripplette Corp. and Mediterranean Confectionary Company Limited

On 31 August 2021, the Group Board of Directors' has approved a strategic acquisition of a 100% stake in Ripplette Corp. and Mediterranean Confectionary Company Limited (together "BMB") and subsequently obtained the control on 13 December 2021. BMB was launched in 2007 and has a large portfolio of confectionery and healthy food brands and distributes in more than 23 countries worldwide, including the UAE, Saudi Arabia, and USA. The acquisition has been accounted for using the acquisition method.

The Group has entered into a management agreement with previous owners pursuant to the SPA to govern the terms of the management party's economic interest in BMB which equals to 20% of the issued share capital.

These condensed consolidated financial statements include the provisional fair values of the identifiable assets and liabilities of BMB as at the acquisition date as disclosed in the consolidated financial statements for the year ended 31 December 2021.

As part of the SPA with the previous owners of BMB dated 13 December 2021, part of the consideration was determined to be contingent, based on the performance of the acquired entity and certain tax liabilities settlement. As at the acquisition date, the fair value for the contingent considerations amounted to AED 101,696 thousand given the performance indicators of BMB against the target and capital tax settlement. Currently, management is in the process of assessing the final consideration.