

Delivering growth. Preparing for the future.

Annual Report 2022





In the Name of Allah Most Gracious Most Merciful.

His Highness
Sheikh Hamad bin Khalifa Al Thani
The Father Emir



His Highness
Sheikh Tamim bin Hamad Al Thani
Emir of the State of Qatar



Baladna Q.P.S.C - Board of Directors



Mr. Mohamed Moutaz Al Khayyat

Group Chairman



Mr. Mohammed Badr Al Sada

Vice Chairman



Mr. Hamad Bin Abdullah Bin Khalid Al Attiya

Board Member



Mr. Mazen Alsbeti

Board Member



**His Excellency Dr. Sheikh
Faleh Bin Nasser Bin Ahmad Al
Thani**

Board Member



Mr. Ramez Al Khayyat

Board Member/Managing Director



Mr. Aidan Tynan

Board Member



Delivering growth. Preparing for the future.

Baladna's continuous growth journey continued to build momentum and reached unprecedented new heights during a year of achievement and strategic progress. Supported by the hosting of the FIFA World Cup Qatar 2022™ – a historic event for Qatar and its people – we set new standards for production volumes and exceeded 50% overall market share to approach QR 1 billion in revenue for the first time in our Company's history.

Building on strong customer and consumer loyalty of the Baladna brand, we continued to innovate in line with evolving market needs. We launched a range of well-received new products to expand and diversify our portfolio and reinforce our market-leading position.



We are future-proofing our organisation by investing in capacity, technology, and capabilities to increase efficiency, raise productivity and enhance sustainability across our operations. As we grow our business to reach new segments, markets and geographies, we remain committed to solidifying our position at the forefront of our sector, while ensuring long term food security for the people of Qatar and continuous value creation for our shareholders and stakeholders.



Our Purpose

To ensure healthy, natural food and beverages that delight our customers and contribute to the food security of Qatar.

Who We Are

Established in 2014, Baladna is Qatar's leading dairy and beverage company, with a diversified product offering, world-class facilities and a self sufficient farm with breeding capabilities to accelerate future growth.

What We Do

Baladna is an integrated dairy and beverage company, with two large-scale farms, state-of-the-art production lines, processing and packaging facilities, and its own distribution network that delivers over 250 products to customers across Qatar and beyond every day.



Our Vision, Mission and Principles



Our Vision

To be the most trusted brand of nutritional foods and healthy beverages in Qatar and to expand to new markets.



Our Mission

To ensure consumers' wellness by providing natural, nutritious and tasty foods and beverages, while maintaining the most rigorous food safety and biosecurity protocols.



Our Principles

At Baladna we strongly adhere to the following principles:

- Supporting food security: Ensuring the satisfaction of our customers and exceeding their expectations.
- Raising the level of veterinary care: Utilising the expertise of the best veterinarians to promote the healthcare of our dairy herd .
- Caring for our livestock: Co-operating with experts in livestock breeding and production.
- Natural and fresh products: Providing high-quality food products by implementing best international practices.
- Adherence to Qatari traditional values: Showing pride in our achievements, hospitality and adhering to tradition, self-reliance and responsibility.

A key priority for Baladna is to contribute to the country's vision for food security by providing nutritious food to a growing population.

Our promise to the people of Qatar is that throughout the year our role in the nation's food security is delivered, and the population has access to sufficient, safe, and nutritious food at affordable prices. This is a basic premise of our own success as a company and a duty of care to the nation.



Contents



A Leading Qatari Brand

Baladna is a market leading,
and one of the largest dairy
farms in the region.

Overview

- 14 Financial Highlights
- 15 Operating Highlights
- 16 Year in Review

1 Strategic Review

- 20 Chairman's Statement
- 24 Chief Executive Officer's Message
- 28 Chief Financial Officer's Review
- 32 Our Investment Case
- 34 Business Model
- 36 Strategy
- 38 Operating Review
- 54 Risk Management
- 58 Our People
- 62 Sustainability

2 Governance

- 74 Chairman's Foreword
- 75 Introduction
- 75 Corporate Governance Report
- 76 Board of Directors
- 90 Board Committees
- 98 Macro Organisational Chart
- 99 Executive Management
- 103 Insider Trading
- 104 Internal Control
- 105 Risk Management
- 105 External Auditors
- 105 Corporate Social Responsibility (CSR)
- 106 Protection of Shareholders and Stakeholders Rights
- 106 Dealing with Rumours

- 106 Ownership Structure and Share Performance
- 107 Shareholders' Register
- 107 Investor Relations
- 108 General Assembly Meeting
- 109 Whistleblowing
- 109 The Company's Irregularities and Violations
- 110 Conflict of Interests and Code of Conduct
- 111 Related Party Transactions
- 113 Significant Events during 2022
- 114 Directors' Report on Internal Controls Over Financial Reporting (ICOFR)
- 117 Independent Assurance on the compliance with QFMA's Law and relevant legislations, including the Governance Code for Companies and Legal Entities Listed on the Main Market
- 120 Independent Assurance Report on the suitability of the design, implementation and operating effectiveness of ICOFR

3 Financial Statements

- 126 Independent auditor's report
- 130 Consolidated Statement of Profit and Other Comprehensive Income
- 131 Consolidated Statement of Financial Position
- 132 Consolidated Statement of Changes in Shareholders' Equity
- 133 Consolidated Statement of Cash Flows
- 134 Notes to the Consolidated Financial Statements

Overview

Financial Highlights

Baladna achieved robust revenue growth despite operational challenges.

Revenue
QR million **+28%**

986

2022

986

2021

773

Market share growth of each product category resulted in significant revenue growth.

EBITDA
QR million **-4.9%**

283

2022

283

2021

297

Maintained strong EBITDA margin driven by increased operational efficiency.

Baladna is a Leading Qatari Brand, and one of the largest dairy farms in the region, spreading over an area of 2.4 million sqm.

Net Profit
QR million **-40%**

81

2022

81

2021

134

Significant increase in all material prices and an increase in finance costs affected net profits.

Operating Highlights

Our growth applied to international opportunities as well as domestic diversification.



Total Herd

+6%

25,016

2022 25,016

2021 23,581

Further investments, expansions, and structural changes to enhance animal care resulted in optimisation of our herd size.



Total Number of SKUs

-5%

254

2022 254

2021 268

Optimising our product portfolio to provide a wide range of delicious choices to consumers.



Milk Yield Per Cow Per Day

+0.2%

36.7

2022 36.7

2021 36.6

Constant milk yield despite tougher temperature and humidity conditions than the previous year.



Number of Sales Routes

+3%

139

2022 139

2021 135

More contact points across Qatar around the clock and every day of the year.

Year in Review

In an event-filled year of diversification, collaboration and expansion, Baladna continued to innovate, build capacity and invest for future growth within Qatar and across a range of exciting new growth markets.





Baladna signed an MoU with The Ministry of Investments and Foreign Trade of the Republic of Uzbekistan to explore cooperation for the production and processing of a wide range of fresh milk and dairy products, and the overall development of the dairy industry in Uzbekistan.

Baladna Trading and Investment, a subsidiary fully owned by Baladna, entered into a conditional shareholders' agreement with Malaysian companies FGV Holdings Berhad (FGV) and Touch Group Holdings Sdn Bhd (TGH) to develop an integrated dairy farming business in Malaysia.

The Extraordinary General Assembly approved the acquisition of a 75% shareholding of E-Life Detergent factory WLL to diversify the Group's revenue streams.

1

STRATEGIC REVIEW

Baladna strives to contribute to a healthier, tastier and more sustainable future through innovation, transformation and a robust supply chain.

20	Chairman's Statement
24	Chief Executive Officer's Message
28	Chief Financial Officer's Review
32	Our Investment Case
34	Business Model
36	Strategy
38	Operating Review
54	Risk Management
58	Our People
62	Sustainability

Holstein

Baladna's farm fresh milk is produced by the world's best dairy heifers known as 'Holstein'





Chairman's Statement

Overcoming challenges to accelerate growth

Baladna's results for 2022 demonstrated the quality of its people, management, and strategy. Despite the impact of global inflation and significantly higher input costs, Baladna delivered growth to approach the historic milestone of becoming a QR 1 billion business for the first time.

We are delighted to submit our Annual Report for 2022, which details our accomplishments throughout this historic year.

Significant progress was made across the board, ensuring that Baladna ended the fiscal year with its highest market share, an expanded product portfolio, a growing international footprint, cutting-edge technology to boost production and sustainability, and recognition for its transparency and corporate reporting.

Qatar's successful hosting of the FIFA World Cup Qatar 2022 was the result of many years of planning and investment. Similarly, Baladna's outstanding performance this year was the consequence of capacity development and an adaptive strategy to assure Qatar's long term food security and continuous value creation for our shareholders and stakeholders.

In 2022, Baladna's sales rose to a high of QR 986 million, with turnover surging by 28%, and our overall market share climbing to 51%.

The year was not without its challenges, however. Strong sales and market share growth was hampered by financial factors beyond our control: Pandemic-related supply chain issues persisted into 2022; financing rates rose sharply around the world increasing our financing costs; and steep inflation resulted in higher global commodities, energy, and animal feed input costs. The resulting significant increase in our material costs impacted our financial results, as we were unable to recover higher input costs from consumers.

Nonetheless, Baladna responded with the agility and perseverance that shareholders have come to appreciate, ramping up sales, improving efficiencies across the business, increasing milk yields and production, launching new products, and entering new categories.

The FIFA World Cup Qatar 2022 provided an excellent opportunity to expand supply and leverage the country's excitement to shape our marketing activities, including catering to the specific requirements of international visitors attending the tournament.

Against this backdrop of growth, Baladna achieved significant progress in advancing its sustainability initiatives, which we were honoured to present at this year's United Nations Conference on Climate Change (COP 27).

Growing Baladna, strengthening the Nation

Providing healthy, high-quality food to the people of Qatar has to be a top priority, as we continue to create value for all of our shareholders and other stakeholders. With Qatar Vision 2030 as a guide for growth, innovation, diversification and self-sufficiency, we made positive progress in many areas during this year.

We optimised our product portfolio with new SKUs, supported by doubled production of processed cheese in 2022, following the installation of more efficient manufacturing equipment. Additionally, our penetration of the domestic market will be significantly expanded once our new evaporated milk plant becomes operational in early 2023.

On the international expansion front, our Year in Review section provides a detailed view of our activities to extend our geographical footprint. In summary, we continued to engage with the government of Malaysia, Philippines, and Indonesia on large scale vertically integrated dairy farms.

As part of our strategy to grow beyond Qatar in food and beverage greenfield and brownfield projects, we obtained a significant stake in Egypt's Juhayna Food Industries.

" Our success confirmed the Company's strategy and skills yet again, delivering an agile business poised for future triumphs. "

Moutaz Al Khayyat
Chairman



Another important decision taken during 2022 was the purchase of Qatar's E-Life Detergent business to support revenue diversification. Furthermore, we signed a Memorandum of Cooperation with Qatar's Inter Plastic packaging company to advance national interests by promoting industrial integration and interdependence between Qatari companies.

Many of the measures we took in 2022 to respond to significant challenges have equipped Baladna well for further growth and sustainable profitability.

Refining our growth strategy

Our rapidly changing operating environment necessitates an agile and flexible approach to strategy. In 2022, we refined our growth strategy with initiatives benefiting from a sharper focus to drive more effective outcomes. Given the dynamics in global supply chains, financing rates, inflation, and domestic pricing constraints, Baladna's leadership will ensure that the business' strategy remains effective in anticipating and responding to the major elements underpinning our performance.

Similarly, our Enterprise Risk Management methodology is regularly reviewed and updated to ensure that we maintain our ability to implement our strategy and operate the Company, while also avoiding or minimising the impact of any potential risks.

Recognised for investor engagement

Baladna was honoured to receive two awards from the Middle East Investor Relations Association ("MEIRA") this year, taking home first place for corporate reporting in the digital category and second place in the print category. Receiving this award for a second consecutive year is testament to our total commitment to the highest standards of reporting and governance in creating value for our stakeholders.

Embedding sustainability

In 2022, we reduced our carbon footprint and improved our commitment to the environment by leveraging multi-stakeholder partnerships and implementing a number of new initiatives across the board. We improved water management dramatically in our farming operation, reducing freshwater consumption by more than 50% with our new wastewater treatment plant.

In collaboration with The Gulf Organisation for Research and Development (GORD), Baladna has applied for a Qatar National Research Fund grant to develop a patented cooling technology that reduces energy and water use for livestock barns. The expected cost savings from implementing this technology in Qatar will be replicated in other countries, such as Malaysia, the Philippines and Indonesia, positioning Baladna at the forefront in countries with high temperatures and humidity.

Our farm in Malaysia will be the model for sustainability measures in other international ventures. We will use technology to convert animal waste into energy for cooling barns and fuelling tractors, while also using solar panels for additional power supply.

Many other sustainability measures are under consideration and will be included in our inaugural Sustainability Report, due for publication this year.

Stronger for the future

Many of the measures we took in 2022 to respond to significant challenges have equipped Baladna well for further growth and sustainable profitability. The commercial operation of our evaporated milk plant will significantly lift capacity for product expansion and greater volumes. Internationally, we continue with our existing strategy to diversify our revenue streams, replicating our successful Qatar model in target countries.

Acknowledgements

Our entire Baladna team is owed my thanks and deep appreciation for their collaboration and commitment in delivering good results in 2022.

We remain grateful to our consumers, whose loyalty to our brand and expanding product range validate the effort and creativity we invest in providing quality food to the Qatari market.

The management team has once again demonstrated their skill and agility in navigating through unprecedented cost increases and other challenges to deliver a business that is stronger, better prepared for the future, and more sustainable than before.

And finally, my fellow Board members have my eternal gratitude for their prudent and sage counsel, ensuring that Baladna remains steadfastly on course for future success.



Chief Executive Officer's Message

Delivering revenue growth. Preparing for the future.

Baladna delivered exceptional revenue growth in 2022, approaching QR 1 billion in revenue largely due to increased market share, expanded product portfolio and a larger market driven by the FIFA World Cup Qatar 2022. While global economic challenges fuelled cost inflation, we took steps to mitigate the impact on our bottom line, playing our part in Qatar's food security and positioning Baladna for future growth.

The year under review saw Baladna navigate significant operational and financial headwinds to deliver a robust 28% growth in revenues to reach QR 986 million, further differentiating the Company in the market as we continued to diversify and innovate.

The FIFA World Cup Qatar 2022, the most successful in the event's history, boosted our revenue performance. As we anticipated, the event attracted 1.4 million tourists, boosting consumption of our products in hotels, restaurants, and cafes (HORECA). Baladna's preparation for the World Cup ensured that we successfully met the related increase in demand throughout our retail and HORECA channels.

More broadly, the HORECA channel – severely affected by the COVID-19 pandemic – recovered substantially during the year, as markets opened up and tourism activity started returning to pre-pandemic levels. We signed a number of strategic, long term agreements that underpinned our 37% growth in this channel.

Alongside higher tourism volumes, we saw an increase in Qatar's resident population, as people returned to the country after global COVID-19 restrictions began to ease. This also had a meaningful impact on demand for our products.

Our revenue performance was also underpinned by the expansion of our product range, which helped grow our market share across all categories and channels. By the end of the financial year, Baladna commanded 51% of the overall domestic Qatar market, up five percentage points on 2021's 46% market share.

In line with the customer's responses, we added 15 new SKUs to our portfolio, catering to our consumers' evolving tastes and preferences. In addition, the 44 SKUs launched

in the previous year continue to mature and create value for the business.

Product and category innovation was supported by a strong emphasis on our go-to-market strategy and implementation. We improved processes, distribution, instore marketing, and customer targeting, all of which supported better sales performance and the subsequent revenue growth.

Building Qatar's food security and self-sufficiency

Baladna's foremost strategy is to strengthen Qatar's food security and self-sufficiency by providing quality, locally manufactured products and ensuring their availability across Qatar.

Accordingly, we invested in production capacity and analytical forecasting competencies to calculate demand accurately and respond efficiently. Our food requirement forecasts for the World Cup combined with our infrastructure and skilled team ensured that Baladna efficiently met the higher demand in our categories.

We are proud to have played a vital role in the most successful FIFA World Cup ever hosted and remain fully committed to bolstering Qatar's self-sufficiency for the future.

Challenging operating environment

While Baladna's revenue achieved remarkable growth in 2022, our profitability was challenged by global factors that resulted in significantly higher costs for our business. Global inflation and an increase in financing rates negatively impacted our cost of financing and similarly, the overall costs of our suppliers.

" Baladna's foremost strategy is to strengthen Qatar's food security and self-sufficiency by providing quality, locally manufactured products and ensuring their availability across Qatar. "

Malcolm Jordan
CEO



Supply chains were still plagued by ongoing delays and inefficiencies that added to our costs. In addition, we saw steep increases in the price of animal feed, raw materials, and packaging, all of which added to our expense line.

In response, we accelerated efficiency improvements, including Overall Equipment Efficiency (OEE), reduction in Loss In Process (LIP), reduction in sales wastages, and the application of latest technologies in every aspect of our operation. However, the benefits were insufficient in offsetting our unexpectedly higher costs. As a result, our net profit in 2022 came to QR 81 million, down from QR 134 million for the previous year.

By the end of the financial year, Baladna commanded 51% of the overall domestic Qatar market, up five percentage points on 2021's 46% market share.

Looking ahead to 2023

The strong foundations built in 2022 leave us well positioned to build on the year's exceptional revenue growth. Additionally, by the end of the financial year, there were encouraging signs that cost inflation is normalising, while our efficiency measures were delivering further gains. These factors bode well for a stronger outcome in 2023. In this regard I am very confident and positive about the outlook of 2023.

The coming year will also see us commissioning our new factory, which will support further expansion of our product range. This factory will produce evaporated milk and sterilised cream to further enhance our commitment

for self-sufficiency of Qatar. In addition, this will increase our capacity to manufacture processed and Arabic cheeses as well.

We will continue to focus on our internationalisation strategy. In 2022, Baladna signed a conditional shareholders' agreement with two Malaysian companies to develop an integrated dairy farming business in that country based on our Qatar model. Baladna is also exploring similar opportunities in Philippines, Indonesia and Algeria.

The substantial inflation in feed costs and the national importance of reducing our reliance on imports have added impetus to the backward integration of our acquisition of substantial land with forage capability in Romania to provide feed for our herd. This will be advanced in 2023.

Baladna will issue its first Sustainability Report in 2023, which will elaborate on our substantive measures to improve efficiencies across the business and to reduce our environmental impact.

Acknowledgements

Every employee at Baladna played a vital role in achieving success during this exciting year. I am very appreciative of their support and contribution.

Our Chairman and Board of Directors provided exceptional guidance and support once again, for which I am immensely thankful. I would also like to acknowledge all our stakeholders, including shareholders and customers for their support, confidence and trust.



Chief Financial Officer's Review

During a year of strong top line growth, Baladna overcame challenging market conditions to demonstrate our fundamental financial and operational strength, increasing both revenue and market share while driving enhanced efficiency across the business.

The Company recorded a total revenue of QR 986 million for 2022, which represents a significant growth of 28% compared to the previous year. This growth in revenue is mainly attributable to an increase in sales volumes due to market share gains across all product categories. Our strategic focus on increasing market share delivered results, as we crossed the 50% mark of overall market share during the year.

Of our total product portfolio, UHT cream, UHT milk, cheese and fresh milk provided the highest contribution to the revenue growth. By channels, HORECA channel revenues grew considerably, 37% compared to last year, by attracting more strategic customers and entering into long term contracts with our customers. The retail channel also witnessed solid growth of 25% over the previous year, by implementing competitive promotion and discount campaigns. The one-time event of FIFA World Cup Qatar 2022 contributed approximately 2.4% growth in revenue during 2022.

For the year, Baladna achieved an EBITDA of QR 283 million and net profit of QR 81 million, which converts to 29% EBITDA margin and 8% net profit margin. In comparison with the previous year our margins were significantly affected since we didn't pass on the inflationary pressure and significant increases in all material prices, including feed, raw materials and packaging, to our end consumers. This approach reinforces Baladna's strength, commitment and ability to support to the National Food Security programme, while contributing to the health and financial wellbeing of the local community. Overall, our material prices significantly increased year-on-year. Further finance costs also increased significantly by 66%, mainly due to the increase in lending rates over the last year, which affected our profitability. Despite all these challenges, Baladna was able to maintain an industry-best EBITDA margin by implementing stringent overhead cost controls and driving operational efficiencies.

Baladna's 2022 commercial and financial performance confirms our key investment highlights:

- Market leader in dairy and beverages sector in Qatar.
- Proven ability to identify growth enablers and successfully execute strategy
- Excellence in product innovation and consumer insights
- State-of-the-art facilities that increase efficiencies and lower operating costs
- Integrated value chain allowing full control of the operation
- Strong financial performance and position
- Strategic shareholder support

Cash flow management and solid financial position

Due to the challenging operating environment, incremental finance costs and investment in additional working capital requirements mainly to build the safety stocks focusing on FIFA World Cup Qatar 2022, the year witnessed a reduced operating cash flow to QR 8 million, which is expected to recover soon.

During 2022, Baladna mainly invested in new factory expansion to produce evaporated milk and a wastewater treatment project focused on achieving the sustainability goals of the Company. These investments have the potential to support revenue growth and profitability in the coming years while reducing the Company's impact on the environment.

Additionally, Baladna invested in shares of Juhayna Food Industries, a company listed on the Egyptian Stock Exchange. This investment is intended to achieve strategic advantages and business synergies, since both Baladna and Juhayna engage in similar business activities.

" Baladna aims to drive growth by continuing to grow our market share in existing product lines and through the introduction of new products. As a part of our diversification strategy, we are continuously seeking and evaluating business opportunities locally and abroad. "

Saifullah Khan
Chief Financial Officer



The investments generated QR 11 million in dividends during the year, while reporting a fair value loss of QR 23 million. With the previous year reporting a fair value gain of QR 11 million the investments stood at a cumulative loss position of QR 1 million at the end of 2022.

The net debt to total capital employed ratio stands at 47%, compared to 38% for the last year. This increase in debt was due to our investments relating to factory expansion, sustainability initiatives and securities.

Key Financial Highlights					
Operational Performance		2022 12 Months	2021 12 Months	2020 12 Months	2020 13 Months*
Revenue	QR million	986	773	759	815
EBITDA	QR million	283	297	297	323
EBITDA Margin	%	28.7%	38.4%	39.1%	39.6%
Net Profit	QR million	81	134	141	152
Net Profit Margin	%	8.2%	17.3%	18.6%	18.7%
EPS	QR per share	0.042	0.070	0.074	0.082

Financial Position		31 December 2022	31 December 2021	31 December 2020
Total Assets	QR million	4,438	3,912	3,623
Debt	QR million	1,908	1,397	1,129
Equity	QR million	2,249	2,271	2,241
Debt to Equity	%	84.8%	61.5%	50.4%

*for the period from 02 December 2019 ("Establishment Date") to 31 December 2020

Robust risk management

As a strategic and preventative measure, Baladna maintains strategic inventory levels for all the major raw materials, which ensures the availability of the raw materials in case of any supply disruptions. During 2022, Baladna was able to secure attractive profit rates from our financing partners. Risks related to the distribution of our products is minimal as we are managing our own distribution channels without third party intervention. Exchange risk is minimal for Baladna as we are currently catering to the local market with minimal exports. Our main exposure is the Qatari Riyal and the US Dollar, of which the exchange rate is pegged. Other foreign exchange rate exposure is negligible.

With regards to corporate governance, Baladna has developed a comprehensive risk register and relevant initiatives are taken to mitigate all identified risks. This includes written policies and procedures developed in line with local regulations and industry best practices.

Our commitment to best practices and policies in place is recognised by all our stakeholders, including the Company being awarded by the Middle East Investor Relations Association (MEIRA) for the second consecutive year.

Share price performance and shareholder return

Even under the challenging operating conditions throughout the year, Baladna declared a final dividend amounting to QR 101 million out of the profits we generated during the year 2021, representing a pay-out ratio of 75%. As of 31 December 2022, the share price compared to last year increased by 6%, reflecting an outperformance compared to the QE index, which declined by 8%.

Baladna in 2023

In 2023, Baladna aims to drive growth by continuing to grow our market share in existing product lines and through the introduction of new products. The evaporated milk factory and sterilised cream processing facilities are expected to be fully operational by the end of first quarter, while this new plant addition will also accommodate the capability of producing processed cheese and Arabic cheeses. Evaporated milk has a reasonable market size in Qatar of approximately 20,000 tons which is currently being imported. This initiative will further enhance Qatar's self-sufficiency in the food category.

As a part of our diversification strategy, we are continuously seeking and evaluating business opportunities locally and abroad. The recent acquisition of a Qatari detergent processing factory called E-Life (75% stake) will start to generate additional revenue for the Company from 2023.

International expansion and partnerships are key for long term growth and will remain a key focus area for Baladna. Discussions that have been initiated with several potential foreign partners are progressing well and are expected to yield results during the year. Malaysia's project feasibility has been completed by a third party and a shareholder agreement has been signed with partners in Malaysia, FGV Holding and Touch Group.

In addition, the backward integration plan of Baladna to grow forage will also be a focus area during the year. It is designed to ensure security and certainty of the supply and quality of feed from our own feed farms to meet internal demand. For this purpose, a new company has been established during the year in Romania that will own the new investment of agriculture. Potential acquisition opportunities are under discussion.

With strong backing of our shareholders in addition to our solid financial position and operational cash flow generation, Baladna is in the position to invest in large-scale projects while also expanding the current business into new categories and investing in growth opportunities that have the potential to provide incremental returns. Building on our strong financial foundations and the various paths available for diversification and expansion, Baladna's management is targeting solid growth in revenue and profitability for the coming year.

Our Investment Case

Baladna's key investment highlights

1

Leader in the Dairy and Beverages sector in Qatar

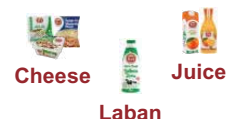


Leading market position across 5 out of 8 product categories...

Number **1** position across **5** categories...



...remains a significant growth opportunity across other categories



2

Identified growth enablers



Potential for growth beyond the local market...

- Identification of growth opportunities beyond Qatar through signing MOUs with strategic partners
- Feasibility studies are underway to assess individual opportunities on a case-by-case basis

3

Excellent product innovation and consumer insights



Continuously enhancing product portfolio and innovative marketing...

Highly recognized brand names created

Diverse range of product offerings

254
Total number of SKUs



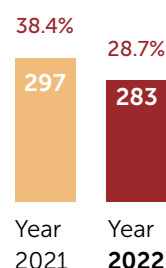
4

Strong financial performance and position



Robust profitability margins and cash generation capability...

EBITDA margins
EBITDA (QRm)



5

Strategic shareholder support



Strategic & founding shareholders account for 49% of shareholding...

Strategic shareholders

Strengthening food security and self-sufficiency in Qatar



... complemented with expansion plans through diversification initiatives and the establishment of partnerships

Diversification initiatives

- Acquisition of a stake in E-life Detergent Factory, as part of diversification efforts



Recent developments

- Baladna has signed an agreement with "The Bel Group" to start producing The Laughing Cow® jars cheese in 2023



... with additional potential for increasing efficiencies through further integration

- Assessment of strategic integration opportunities to have own feed farms to meet internal demand
- Potential to further support self sufficiency and the certainty of the supply and quality of feed

... complemented by an excellent reach of retail and Horeca clients

Competitive advantage in terms of reach to retail and Horeca clients

139
No of sales routes

3,568
No of customers

... based on a strong financial position and solid balance sheet

- Strong asset base primarily funded by equity – Net debt to total capital 47%
- Excellent and immediate access to external funding, as required

... supporting Baladna to continue its growth

- Growth at the heart of Baladna's management
- Continuously assessing horizontal or vertical expansion
- Unwavering dedication to visions and mission

Business Model

Baladna is Qatar's Leading Dairy & Beverages Company.

Inputs

Financial Capital

- QR 3.9 billion investment
- 31,777 shareholder Base
- Listing on Qatar Stock Exchange

Manufactured Capital

- State-of-the-art facilities, equipment and technologies
- Resilient supply chain
- Robust and integrated value chain
- 3,550+ Points of Sale

Human Capital

- Experienced leadership team
- 2,000+ employees
- Strong corporate culture and values

Social and Relationship Capital

- 94.9% Qatari owned
- Strategic relationship with Government of Qatar
- Reputation for quality with trusted products and brands

Intellectual Capital

- Recipe library and product formulations as well as our capacity for innovation and our brand

Natural Capital

- Natural resources that are used in our processes, including energy, water and raw materials

How We Create Value



Our Vision

We aim to be the most trusted brand of nutritional foods and healthy beverages in Qatar and to expand to new markets



Our Mission

We will achieve our vision by ensuring consumers' wellness by providing



Innovation

Innovation has always been at the heart of what we do at Baladna. Our UHT milk is the first one to be produced locally, in a farm only 60 kms away from Doha, making it a preferred choice for customers owing to its freshness quotient.



Our Segments and Brands

- Fresh Milk
- UHT Milk
- Laban
- Juice
- Dessert
- Yoghurt
- Labneh
- Cheese
- Creams



natural, nutritious and tasty foods and beverages while maintaining the most rigorous food safety and biosecurity protocols.



Our Principles

- Supporting food security
- Raising the level of veterinary care
- Caring for our livestock
- Natural and fresh products
- Adherence to Qatari traditional values



Quality

From grass to glass. Bringing fresh, healthy and nutritious food to the people of Qatar is a top priority for Baladna. Baladna was awarded ISO 22000:2005 FSMS certification, which is the highest global certification scheme for food safety and quality management systems and is recognised by the Global Food Safety Initiative (GFSI).

Business Drivers

Our Farms

2 farms with over 25,000 head of dairy herd

Our Manufacturing

State-of-the-art processing and packaging facilities

Our Strategic Product Innovation

254 SKUs in current product portfolio across all brands



Outputs

Solid Financial Results

QR 986 Million
Revenue

QR 81 Million
Profits

QR 283 Million
EBITDA

QR 1.531
Share price

Resilient Workforce

- Low employee turnover
- Over 42 nationalities

Operational Excellence

- Operational efficiency and cost optimisation
- Product innovation
- Food security for Qatar

Strong Brand Equity

- Market-leading brands (introduction of budget-conscious Awafi line)
- Market share leader across key segments

(#1 in Dairy)

Underpinned by a strong foundation of robust corporate governance, strategic risk management and an enduring commitment to our nation and the communities we serve.

Strategy

Our Corporate Strategy

Our strategy revolves around establishing protocols and systems to achieve our corporate objectives. In order to achieve this, we have developed a set of goals and key performance indicators to monitor and continuously improve them. Our focus remains on creating

Our Strategic Pillars

01



People

Creating performance culture

- Build a lean, motivated and high impact team
- Training needs analysis and ensuring core training objectives are fulfilled

- Growth in key categories we already operate
- Leveraging our assets through product diversification
- Expand into other categories and diversification into new categories in home market
- Expand geographically in new markets
- Drive end-to-end efficiency throughout the value chain and working towards improving sustainability footprint
- Focus on producing most superior products in the categories we operate
- Continuous innovation and renovation to meet consumer's needs

KEY DRIVERS



02

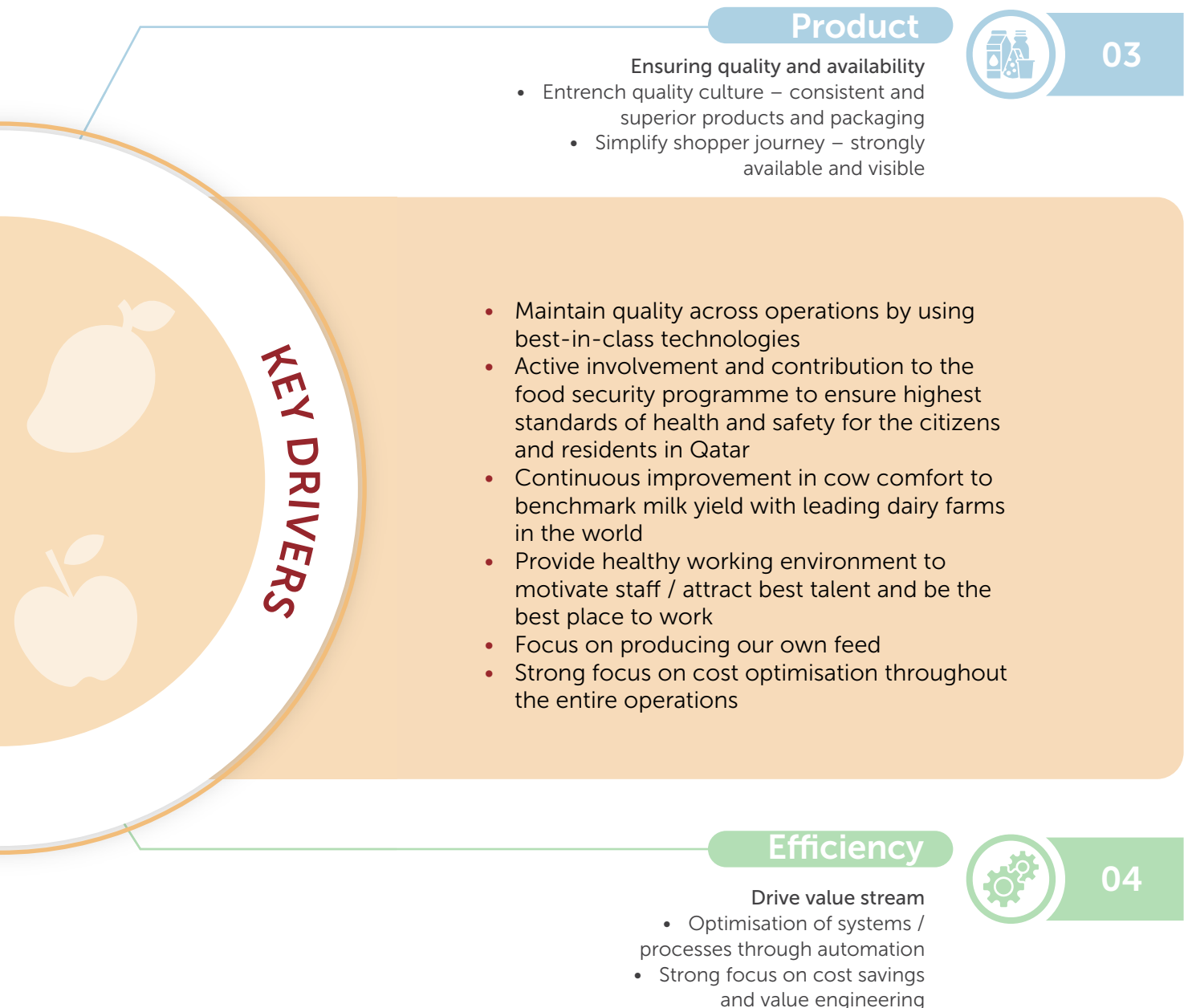


Brand

Be the preferred consumer brand

- Formalised consumer validated brand strategy framework
- Innovation – Commercial / Products / Packaging

shareholder value by driving optimisation, maintaining products' quality, accelerating growth, and strengthening the processes by continuous improvements and automation.



Operating Review

Baladna continued to grow across the value chain, take measures to enhance sustainability and drive operational excellence during a year of accelerating progress and performance. We continued to invest in our people, facilities and technology to drive ever increasing productivity, efficiency and value creation for our shareholders and all our stakeholders.



Baladna continued to set the pace for the sector during 2022, retaining its leading #1 positions in market share and market volume across a range of key categories. We succeeded in reinforcing our unique position and the strength of our brands in the market, along with the trusted relationships we have built with our customers and consumers.

A Market Leader

92.5%

Fresh Milk

Market Share

Retained strong
#1 position



Revenue (QR million)

10%

2022 247

2021 223

84.2%

UHT Milk

Market Share

Retained strong
#1 position



Revenue (QR million)

21%

2022 230

2021 191

47.8%

Laban

Market Share

Remains a significant
growth opportunity



Revenue (QR million)

6%

2022 48

2021 45

60.3%

Creams

Market Share

Achieved market-
leading position



Revenue (QR million)

349%

2022 88

2021 20

45.4%

Yoghurt

Market Share

Remain as market leader



Revenue (QR million)

22%

2022

69

2021

57

49.4%

Labneh

Market Share

Remain as market leader



Revenue (QR million)

19%

2022

16

2021

14

27.4%

Cheese

Market Share

Remains a significant growth opportunity



Revenue (QR million)

26%

2022

155

2021

123

19.4%

Juice

Market Share

Remains a significant growth opportunity



Revenue (QR million)

21%

2022

64

2021

53



Our Value Chain

Baladna continued to set the pace for the consumer goods and service sector during 2022, retaining unassailable #1 positions in market share and market volume across a range of key categories. Our greatest asset, our people, has

How We Create Value



Finance

Maximising value creation by maintaining liquidity, financing product/process innovations, implementing sound investment strategies and sound reporting and governance structure



Farming

Striving to do better farming by practicing innovative and sustainable farming processes, efficient wastewater management and ethical sourcing



IT

Supporting value creation by accelerating Baladna's automation journey, digitalisation, improving and maintaining efficiencies across various workstreams such as distribution, fleet management, farming and manufacturing



Manufacturing

Optimisation of processes and enhancement of existing high standards of production, quality and loss management



Products Development



Sales and Distribution

Continuous efforts to maintain market leading coverage by expanding customer base



Creating value for all stakeholders



Shareholders



Employees



Society



Customers



Partners



Suppliers

contributed to our success in solidifying our leading position and the strength of our brands in the market, while fostering strong relationships with our clients and consumers.

Prioritizing the health and wellbeing of the livestock by monitoring overall health of dairy herd, implementing preventative healthcare measures and improving animal nutrition and overall cow comfort

Continuous improvements in operational efficiencies to meet increased demand

Development of new recipes to meet the demand for healthy, delicious and nutritional products

Focus on segmented sales channels and market penetration to unlock further revenue and market share



Supply Chain

Maximising value creation by effective sourcing, warehousing, fleet management and trusted relationships with our business partners



Marketing

Supporting value creation by maximising market share, capitalising on brand equity and building renowned product portfolio



Operating Review

Farming

Building on the excellent progress we made in our farming operations in 2021, we effectively met the surge in demand created by FIFA World Cup Qatar 2022, while integrating new technologies and cutting-edge farming practices to ensure the health of our herd and support business excellence.

At Baladna, we are unwavering in our commitment to ensuring the highest quality milk production starts with how we feed and care for our herd and the world-class environment we create for them across our farming facilities.

During 2022, we continued to prioritise the health and wellbeing of our herd, launching trials with homeopathic medicine to treat cows with health issues. The initial trials delivered positive results, as the organic nature of the process reduced stress on the animals and enabled uninterrupted milk production. We also initiated trials with Qatar University Research Centre to produce a mastitis vaccine specifically for Baladna cows, which once developed, will offer greater protection for our herd. Through our investment in cooling facilities and the expansion of our barns, we continue to improve the health and welfare of our herd.

Another key milestone in 2022 was the commencement of the wastewater treatment project with Veolia Water Technologies, one of the many respected partners with whom we have forged alliances to jointly advance our sustainability focus. In 2020, Veolia commenced upgrades to our facility, transforming it into a state-of-the-art wastewater treatment plant that was fully commissioned in 2022, resulting in a 50% reduction in freshwater consumption and a 17.7% increase in treated wastewater.

The facility provides cleaner water through a closed loop recycling water system, extra water for cooling during the hot summers, additional nutrients to add to our organic fertiliser department, and the ability to produce 30% more organic fertiliser. This sustainability success complements the investment made during 2022 to install solar powered ammonia sensors to monitor our environmental impact and to repurpose three existing lagoons to reduce environmental impact and odours.

Introducing innovative technologies

While our overall farming process remained the same in 2022, we enhanced our operations through new technologies and other improvements.

We initiated a project for robotic sanitisation and preparation for milking technology to improve consistency and efficiency. Set to launch in May 2023, it will enable faster and smoother milking which will help increase future yields by maximising milking capacity.

We are also developing a dashboard that will be ready in early 2023 to display farming data, allowing management to make informed, data-driven decisions. The new dashboard compiled and maintained by a newly appointed analyst merges, monitors, and analyses data from various platforms across the business.

Similarly, we introduced a KPI dashboard to ensure we have real time monitoring and tracking data of how we are performing against our KPIs. This will give us greater visibility in 2023 in the areas of cow cooling and animal comfort.

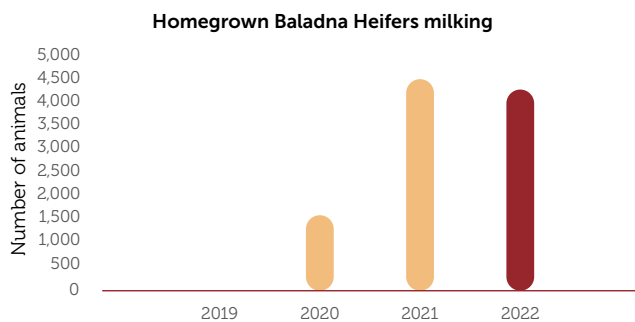
Efficient production

Our Farm team remains committed to bringing fresh and healthy products to consumers with optimum efficiency. With our herd now at 25,016, we are optimising our total herd size for our existing operations and built new barns during the year to house our growing herd.

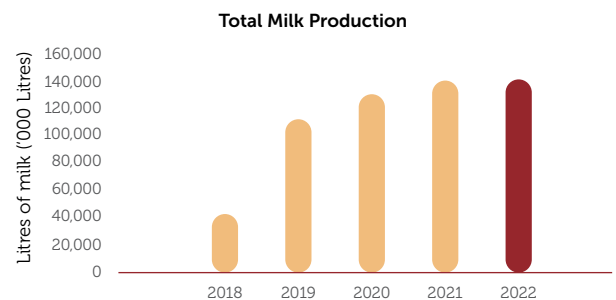
Our milk yield remained constant, despite tougher temperature and humidity conditions than the previous year. The combined size of our two farms remains 2.4 million square metres, providing ample space for our operations to continue producing milk that is used in nearly 200 popular dairy products.

Year	Year-end Herd Size
2018	14,866
2019	19,345
2020	22,250
2021	23,581
2022	25,016

Baladna produces enough Heifers to meet the need for replacement animals and future expansion.



During 2022, we increased total milk production to 141.2 million litres (2021: 140.7 million litres), allowing us to effectively meet the increased demand created by FIFA World Cup Qatar 2022. Since 2018, we have increased output by 239% from 42 million litres to more than 141 million litres in 2022.





Farming in 2023

Looking forward, we remain firmly committed to the highest quality standards, as well as to delivering on our promises of sustainability and animal welfare. Accordingly, we will continue investigating the best climate-smart solutions available to become one of the most sustainably focused dairy companies in the region.

We have plans to further increase the milk yield and total milk production in order to meet growing demands. We will launch the digital transformation in cow care that began in 2022. By applying robotics and upgrading milking equipment, we will make the milking process healthier for our cows while becoming more efficient and productive.

We will launch two trials during 2023. The first will monitor cow temperature and cow activity to provide accurate diagnostics about the effectiveness of our cooling system, helping us optimise barn cooling and cow comfort. It will allow us to detect health issues on an individual animal basis earlier by providing more accurate information about cow health. The second trial will involve a system called CattleEye that detects mobility of dairy herd compared to previous days to monitor hoof health and the general condition of each animal in real time.

In addition, we will improve cow comfort by upgrading existing flooring with softer rubber alternatives, making walking to the milking parlour more comfortable, and installing smart soakers to only spray when a cow is present, which will reduce water usage and provide the cow with enhanced comfort.

Through these strategic initiatives, we seek to continually enhance our farming operations to support business growth and reinforce Baladna's pre-eminent position in our market for the years ahead.

Operating Review

Manufacturing

Underpinning Baladna's manufacturing operations is our unwavering goal to consistently and reliably provide quality products which are healthy, safe, and affordable for our consumers. While never compromising on quality, to meet the increased demand this year, our focus on continuous improvements in equipment efficiency and talent development reinforced our well-deserved reputation as a leading dairy producer in the region.

During 2022, our talented and engaged workforce set out to reinforce our reputation for excellence in manufacturing beloved products for our customers. To satisfy our loyal customer base while scaling up to meet requirements related to the FIFA World Cup Qatar 2022, our manufacturing operations effectively planned and executed a range of initiatives to supply additional product to meet demands for higher volumes in the market.

Our existing high standards of production, quality and loss management were further enhanced, ensuring that we improved line efficiencies, reduced Loss In Process (LIP), and increased our Overall Equipment Efficiency (OEE).

Loss In Process (LIP) reduction is one of the key measures of efficiency and materials utilisation in the dairy industry. It is one of the Key Performance Indicators (KPI's) against which we benchmark our manufacturing process. We not only met this Key Performance Indicator (KPI) in 2022, but reduced Loss In Process (LIP) even further, going from 4.3% in 2021 to 3.8% in this financial year. This 0.5% reduction in Loss In Process (LIP) means that the cost of our product losses through processing and filling was 0.5% lower than in the previous year. This was accomplished by tight controls over finished product weights, optimised planning to reduce product changeovers, and adjusting product flush volumes during processing.

Our Overall Equipment Efficiency (OEE) improved from 36% in 2021 to 41% thanks to improved planning, adjustments to plant operating conditions and staff development. This increase in Overall Equipment Efficiency (OEE) means that the filling machines are operating more effectively, producing our products in a shorter time and giving us more capacity with the time that has been made available. We introduced a new cooker to increase the capacity of the processed cheese line, and similarly, made volume and efficiency modifications to string cheese production capability.

These combined improvements were exceptional, given the demanding targets met in 2021. Accordingly, we achieved even higher targets in 2022 and once again, continued to deliver the highest quality products to our customers.

Our ongoing training and succession planning at operator and technician levels is assisting greatly to raise the output. Baladna's commitment to the continuing professional development of our people is a critically important factor in building output volumes, diversification, and supporting organic and acquisition-driven growth.



Robust production volume growth

Product Category	Total Production Volume 2021 (Kg/million litres)	Total Production Volume 2022 (Kg/million litres)	Percentage Increase
Fresh and UHT Milk	75.2	83.1	10.5%
Yoghurt	11.0	12.9	17.3%
Laban and Ayrān	8.5	8.2	-3.5%
Cheese	4.2	5.2	23.8%
Labneh	0.7	0.8	14.3%
Fresh and UHT Cream	1.0	4.8	380%
Other Dairy Products (i.e., Custard, Desserts, Ghee, etc)	0.6	0.8	33.3%
Chilled and Long Life Juice	13.3	16.1	21%
Total	114.5	131.9	15.2%

Exceptional customer service and satisfaction

During 2022, our manufacturing business model, good manufacturing practices (GMP) and consistency in delivering superior quality were further validated by pleasing customer satisfaction levels.

The new processed cheese cooker and string cheese processing line upgraded our manufacturing capability for these products, providing improved consistency and efficiency.

Rationalising our SKU portfolio continued during the year to maximise returns and further improve our platform for profitable growth.

All these improvements delivered higher customer satisfaction levels, and fewer complaints in 2022 compared to the previous year.

The number of Complaints Per Million produced (CPM) was aligned to our set targets for the year, and consistent with increased sales and production volumes. Our regular external audits verified higher satisfaction levels and reported no critical or major issues with any key customers.

Enhanced sustainability

A key focus for Baladna is sustainability, manufacturing saw improvements in sustainability during 2022, with reduced product losses and water use during processing.

2023 will see a continued focus on reducing losses and maximising use of resources for water and energy.

New products in 2022

Fresh Milk

SKUs
6



Long Life Dairy and Creams

SKUs
2



Cheese

SKUs
7





Manufacturing in 2023

In addition to substantial improvements to meet higher demand for our products, our manufacturing business put in place measures to prepare Baladna for future growth in supply and demand.

A new higher capacity cooker was installed to raise the output of processed cheese and labneh, and a new string cheese line became operational in July 2022, lifting capacity and product consistency. During 2022, we doubled the volumes of processed cheese produced, which was made possible with the new cooking capacity installed. These new investments have extended our manufacturing base to accommodate anticipated growth in demand and will also ensure we have appropriate facilities to manage higher volumes.

In the next 12 months, our manufacturing operations will continue its emphasis on Loss In Process (LIP) and Overall Equipment Efficiency (OEE) to drive further improvements. We have set in motion plans to work with all our teams to raise their skills and competencies, as we look to achieve further efficiencies.

At our newly built factory, the production of evaporated milk, sterilised cream and processed cheese will start in end of Q1 2023. Arabic cheese production will relocate from the original factory to the new factory, providing efficiencies of scale for energy and services later in the year. This will allow consolidation of our production facilities to two adjacent factories, with lower overall operating costs. 25 technical staff were recruited and trained to operate the facility. The additional space will be used for new product innovations, product line extensions, and potentially to move some existing production lines to reduce risk associated with a single site facility.

We will also commence whey processing as a new initiative to improve the cost of inputs. This will allow extraction of milk ingredients from the whey, which is a by-product of cheese production. These ingredients will be utilised in a number of the products we produce to improve cost effectiveness.

Operating Review Sales and Distribution

In 2022, we delivered industry leading growth across all commercial categories and channels, increasing sales by 28%. This outstanding result was driven by leveraging investments and training in new sales systems to boost efficiency and effectiveness, whilst continuing to deepen relationships and collaboration with our retail partners.

In our continued efforts to maintain market-leading coverage, we further expanded our customer base by 3%, reaching a total of 3,568 customers, while also raising the service rate to all customers by an additional 11%. This strong growth was accomplished with similar resources to the previous year, which is a testament to the hard work and dedication of our employees.

The commercial team's new daily allocation systems and processes resulted in increased forecasting accuracy, which resulted in a wastage reduction of 13% and 45% compared to 2021 and 2020 respectively.

With dedicated teams focused on segmented sales channels, we were able to unlock further revenue and market share growth across modern trade, traditional trade and HORECA. In the HORECA channel we achieved outstanding growth of 37% by developing a number of tailored product offerings that had been historically imported, increased our basket size to existing customers and further strengthened our relationships as the partner of choice to this channel. Our new HORECA e-commerce sales application provided customers with the ability to order live, shop our full basket of products and created a live platform to communicate specific promotions, account credit status and new products. This HORECA e-commerce app has had a transformational impact on our business.

Massive brand activations during Ramadan and FIFA World Cup Qatar 2022 further demonstrated Baladna's strength in both consumers' minds and power in the retail environment, capturing the support of consumers and retailers alike. Our ability to compete effectively against other companies in the industry and capture a larger portion of the overall market, is a reflection of the high-quality products and services Baladna offers, in conjunction with the category leading customer service the team delivers day in and day out. The commercial team's new daily allocation systems and processes resulted in increased forecasting accuracy, which resulted in a wastage reduction of 13% and 45% compared to 2021 and 2020 respectively.

Despite the unique challenges and opportunities posed by FIFA World Cup Qatar 2022, Baladna was successful in serving all requirements during the landmark event and fulfilling its customer demands. This was made possible by proactive planning and effective distribution management, in addition to coordination with key strategic customers and related government ministries. This included regular communication and updates on inventory levels, as well as proactive measures taken to ensure on time, in full delivery and meet any unexpected demands. The result was an event that drove growth and increased recognition for both Baladna and Qatar and demonstrated our ability to deliver as a strategic food security partner to the Government of Qatar.

Sales and distribution in 2023

By delivering a year of growth driven largely by capitalising on the opportunities presented by FIFA World Cup Qatar 2022, we enter 2023 in a very strong position leveraging on strong sales momentum with our customers and consumers alike. Utilising our full suite of Sales IT systems, Baladna is positioned to continue to grow revenue and market share. A large NPD programme and commissioning of the new evaporated milk factory contribute to initial revenue projections that exceed QR 1 billion for the 2023.

The focus of the commercial team remains unchanged, to further optimisation within the business by continuing to drive sales wastage to minimum levels, reducing headcount in the modern trade channel, and optimising routes using the fully integrated RoutePro IT system. The focus will be skewed towards increasing margin per litre through a combined approach of annualising price increases in retail and increasing prices in HORECA channels where possible.

In 2023, Baladna is primarily focusing on new product developments in Juice, Yoghurts and Cheese categories. These launches will be heavily supported with 360-degree marketing campaigns and executed by the various sales teams across all retail channels. Additionally, modern trade will seek to drive growth by focusing on large independent retailers, which present an opportunity to leverage our full suite of NPD products and themed tactical promotions.

The Sales and Operations Planning (S&OP) process will move from supply chain to the commercial function, highlighting our continued efforts to further improve forecasting accuracy, alignment across the business, and the overall freshness of the product portfolio at the point of purchase. This remains a key priority, as it is a key differentiating factor and significant competitive advantage for Baladna in the Qatar market. Baladna's commercial team is fully prepared for the challenges of 2023 and beyond.

Operating Review

Marketing and New Product Development

In 2022, we further increased our share of the market across all categories thereby strengthening our leadership position in Qatar. Share of value in Dairy and Juice increased by 5%, reaching a total share of 51%. Brand equity driven campaigns coupled with excellent in market execution, in addition to strategic innovations, were the main drivers behind this outstanding performance in 2022.

A new and innovative digital marketing strategy was put in place and implemented allowing Baladna to become a highly engaging consumer-centric brand. The new approach provided us the opportunity to better understand consumer needs and communicate the brand equity more efficiently. Massive campaigns were launched, namely Ramadan and FIFA World Cup Qatar 2022 campaigns.

It was key to reach consumers not only through digital marketing but also through conventional integrated communication by leveraging our strong presence in retail and increasing our activities directed to consumers through brand driven messaging with focus on quality, product superiority and the freshness of all Baladna products. Massive sampling activities were conducted during the year, coupled with prominent in-store communication on core categories and new product launches.

Developing new products is crucial to ensuring the success and sustainability of our business and supporting the food security of our nation. Therefore, Baladna's New Product Development programme is integrated into the business and is staffed by a highly experienced team of product experts, who bring a wealth of experience in leading regional and multinational food and beverage companies to this critical function.

Baladna continued to innovate and pursue opportunities to bring fresh and exciting new products to consumers throughout 2022. Based on market trends and in-depth knowledge of consumer demand, Baladna successfully launched 15 new products during the year, including 6 fresh dairy products, 2 long life dairy and cream products, and 7 cheese products.

Marketing in 2023

Our focus for 2023 will be to continue to grow market share both in terms of value and volume. This will be achieved through a highly equitable brand with a strong connection to consumers. Communicating Baladna's values in an omnichannel approach will continue to be a priority. Massive campaigns are also planned for Ramadan, back to school and new product launches.

We will continue focusing, in 2023, on growing the brand value by creating more relevant content, uplifting our product appeal while ensuring we stay true to our promise by providing our consumers with the highest possible quality products.

We remain committed to expanding our New Product Development programme. Our focus for 2023 will be primarily on the juice, yoghurt and cheese categories to expand in categories with higher potential. Another important milestone was already reached by signing a manufacturing partnership with Bel Group starting with the production of The Laughing Cow® jars cheese in 2023, Baladna is set to produce more of Bel Group's products in the near future.

Producing popular products for international brands such as Bel not only reduces imports and makes the food in supermarkets less vulnerable to supply chain disruptions, it also provides a more responsible and environmentally conscious option for consumers. Additionally, our product portfolio will be further strengthened with the commissioning of the new evaporated milk factory.

New Products

We deliver nutritious products that boost the sheer enjoyment of consuming food while preserving the taste beloved by millions

Feta Cheese

500g

Key Nutritional Facts
per 100 g serving size



Energy Value (kcal)
236



Total Fat (g)
20



Carbohydrates (g)
4



Protein (g)
10



Caramel Latte Coffee Drink

200ml

Key Nutritional Facts
per 100 g serving size



Energy Value (cal)
78.2



Total Fat (g)
3



Carbohydrates (g)
10



Protein (g)
2.8



Processed Cream Cheese

490g

Key Nutritional Facts
per 100 g serving size



Energy Value (kcal)
298



Total Fat (g)
30



Carbohydrates (g)
1



Protein (g)
6



Whipping Cream

1L

Key Nutritional Facts
per 100 g serving size



Energy Value (cal)
328.6



Total Fat (g)
33



Carbohydrates (g)
4.9



Protein (g)
3



Risk Management

Baladna's Enterprise Risk Management (ERM) is now in its third year, and it's embedded in day-to-day operations and decision-making. During the last 12 months the global business environment continues to be volatile and challenging. Baladna's ERM methodology has equipped the leadership team to manage and reduce the impact of any potential risks to the Company and its ability to achieve strategic objectives.

Baladna's methodology to manage potential business risks is aligned with recognised industry standards and best practices based on the COSO Enterprise Risk Model for its Integrated Framework and ISO 31000 for its Risk Management principles and guidelines.

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

Baladna's senior management uses these risk management principles in the course of strategy planning and making decisions. Management then plans, organises and directs the performance of sufficient actions to provide reasonable assurance that the Company's objectives can be achieved while ensuring that associated risks are kept within the agreed risk appetite at all times.

Risk definition

Baladna defines risk as "the possibility of an event occurring that will have an impact on the strategic or business objectives of the Company." Risks are evaluated via a combination of the consequences of an event and the likelihood of its occurrence.

Senior management and oversight

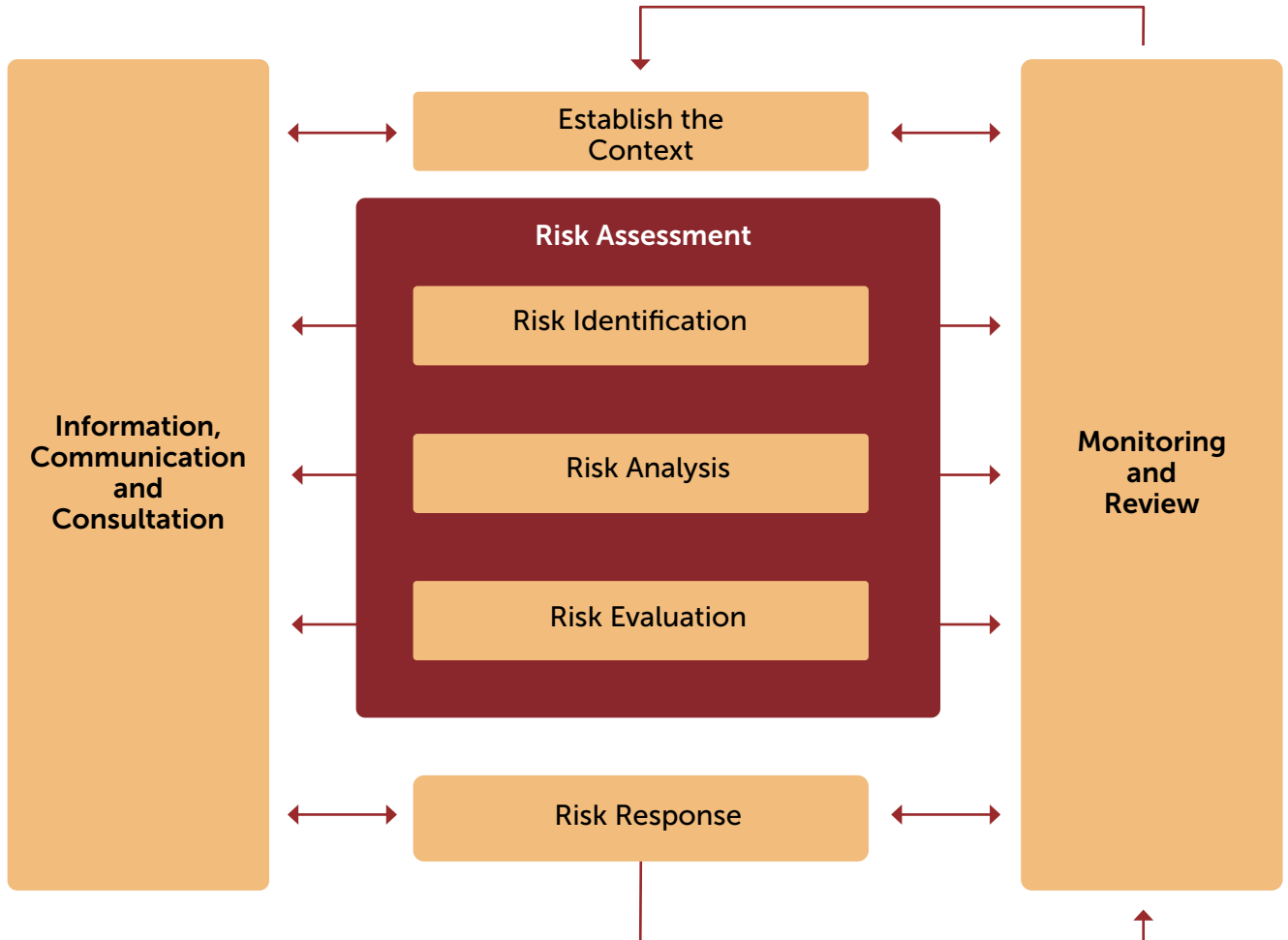
Baladna's senior management team is responsible for implementing Risk Management policies, procedures, and practices across the Company, while the Audit Committee is responsible for oversight of the effectiveness of Baladna's Risk Management systems. To this end, senior management relies primarily upon the leadership team and the operational reporting lines to manage day-to-day risks, based upon direction from senior management.

Approach

The Baladna Risk Management process is aligned to the COSO model components and the process defined in ISO 31000. This cyclical process is supported by Baladna's Quality Department through the provision of education, training and monitoring, review, and assessment. It is also supported through guidance to business management teams and the use of an ancillary toolset for recording, analysing and reporting on risks.

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

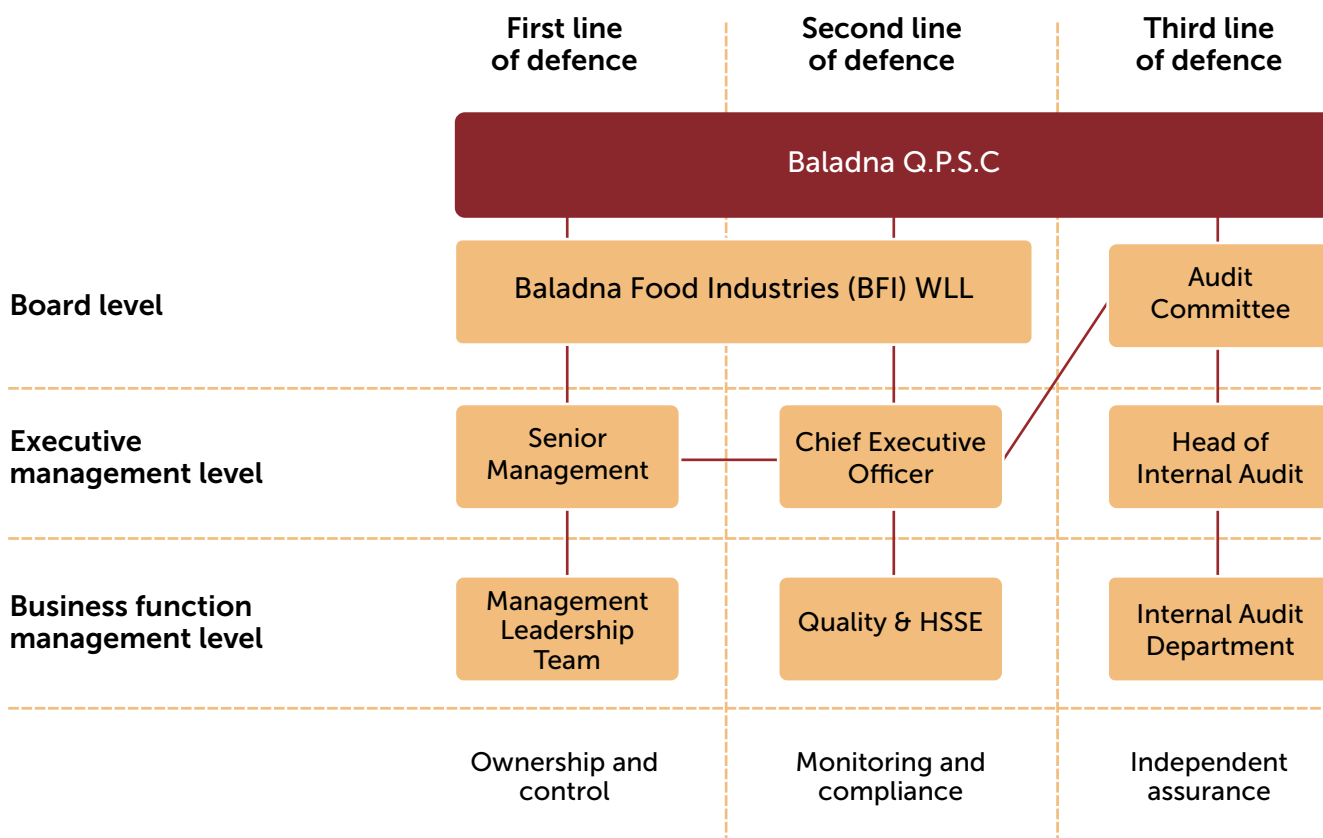
Baladna's Risk Management Process



Managing risk

Aligned with industry recognised and adopted best practice, Baladna operates a three lines of defence model to ensure accountability across the Company for governance, management and reporting of risks.

Baladna's Three Lines of Defence Model



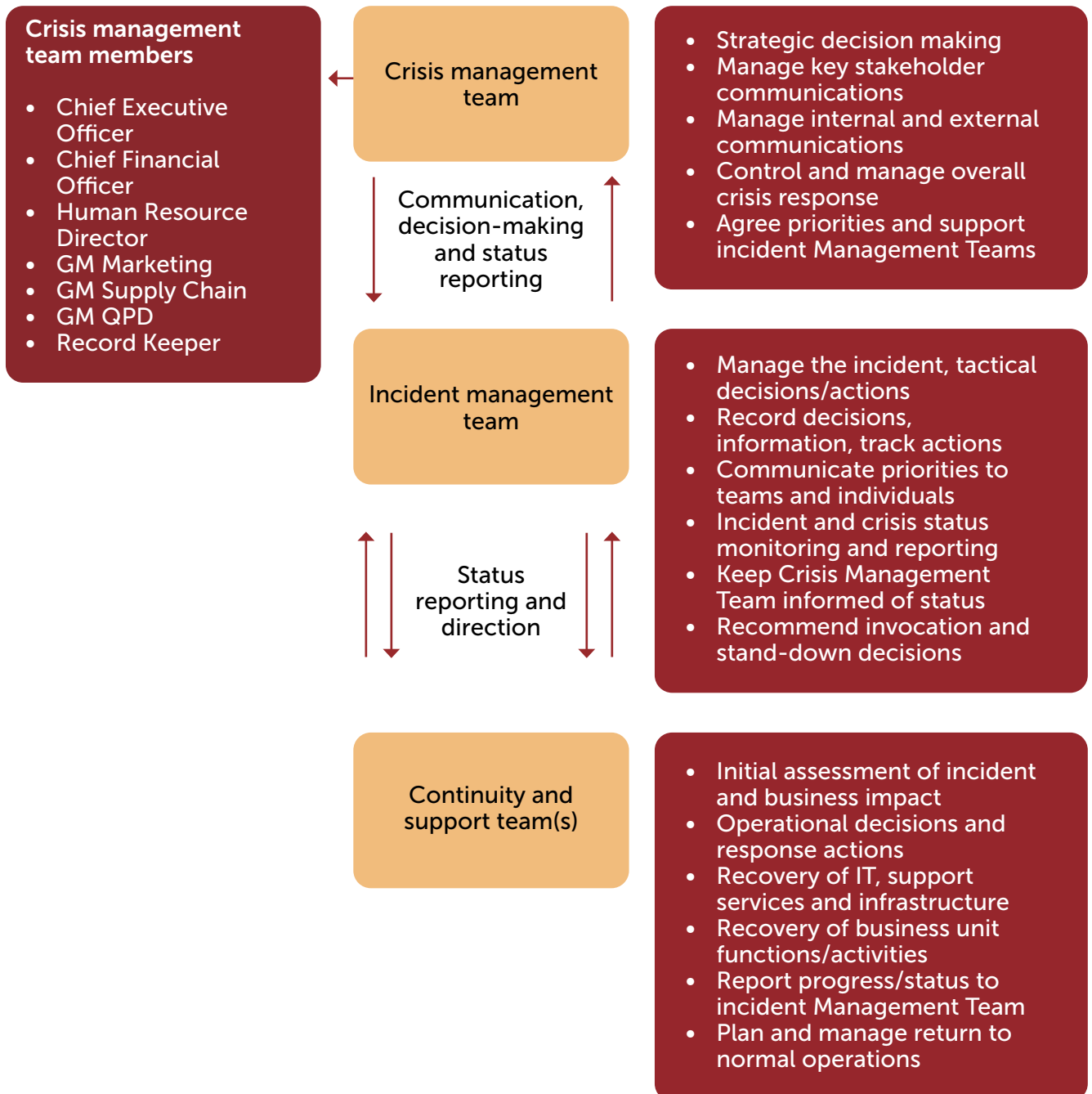
Risk monitoring and reporting

Baladna's business risk register is reviewed quarterly by the Baladna leadership team for each business area. It is then consolidated and challenged by the Quality Department. The Quality Department presents the most significant risks that Baladna faces to the Company's Chief Executive Officer and leadership team. A map of Baladna's principal risks and risk mitigation plans is reviewed and assessed, and this work serves as the basis for the presentations made to Baladna's Audit Committee.

Baladna's crisis management structure

Baladna has developed a major incident and crisis management protocol, which can be activated if an abnormal or unstable event threatens the Company's strategic objectives, reputation, or ongoing viability.

The approach to these types of incidents is based on industry standards and best practice. It incorporates a three-tiered response system to ensure rapid decision-making and action.



Our People

Baladna's strategic plan for growth, efficiency, sustainability, and diversification draws strength and impetus from the quality and commitment of our engaged and well-trained workforce. In 2022, we defined our HR strategy, bolstered our leadership, and took significant strides in becoming an employer of choice.

Our 2,050 talented and dedicated people played a pivotal role in driving the business successfully through the post-pandemic economic environment, enduring with resilience and preparing for our exciting future.

During the financial year, we strengthened our HR leadership team with the appointment of additional senior managers who aligned Baladna's people initiatives with the overarching strategic vision. We also launched several new programmes and enhancements to existing policies during the year in line with our commitment to continuous improvement.

Our hiring and onboarding approach was improved to strengthen our recruitment activities, retention and the quality of the new talent sourced for Baladna. This was an essential development, given the growth in our workforce to 2,050 at year-end from 1,750 at the end of the previous year. Furthermore, as we expand internationally, our recruitment practices and human resource management

will further adapt to take into consideration the different cultures and languages in the countries where we now operate.

A new HR roadmap for our transformation journey

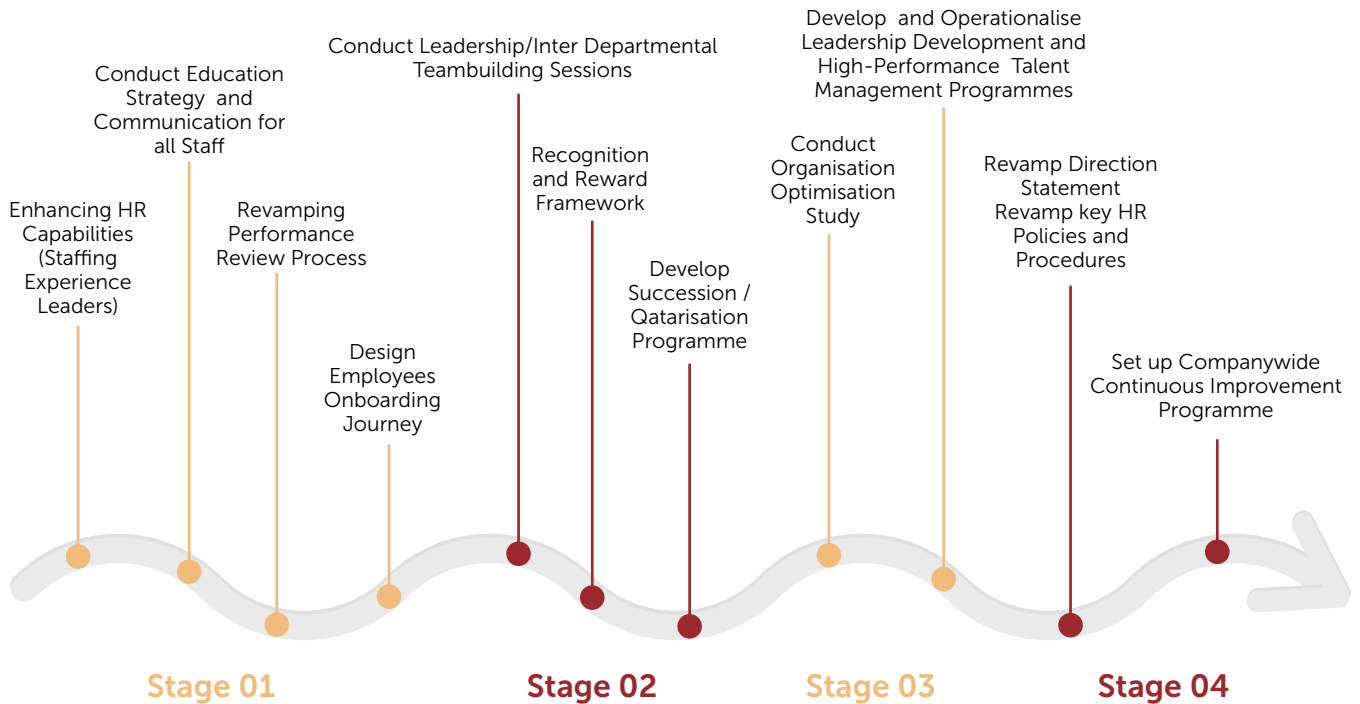
The rapid changes in the world have led to new growth and expansion opportunities for Baladna. To prepare for these challenges, the leadership team has emphasised the importance of an agile culture that allows the business to quickly reorganise teams in response to change. Baladna's HR strategy has also been revised to support its expansion in scale and geography, as well as to cultivate a resilient and flexible workforce. The new HR transformation strategy, which will be implemented over the next two years, aims to strengthen Baladna's human resources, and help the Company achieve its goals of increasing market share, diversification, efficiency, sustainability, self-reliance in feed supplies, and replicating the business model in other countries.



Drawing from global best practice

Our transformation strategy followed a consistent, disciplined approach in determining our strategic priorities and actions, while the planning phase was based on well-established techniques.

Baladna Transformation Journey



Our Strategic Direction

In line with our Company strategies, the HR strategy is centred on our objectives, goals, and guiding principles which steers all our current and future activities and decisions and enables our transformation journey.

Our Objectives

To attract, develop, reward, and retain a diverse and talented workforce; create a productive work environment where people feel valued; respond to the changing nature of work and the workplace; add value and be good stewards of resources; and be fair, ethical, and legally compliant.

Our Goal

To be an employer of choice.

Our People

2022 Employee Engagement

The Baladna Football Cup 2022

Baladna organised the inaugural Baladna Football Cup, a thrilling online prediction game and competition, during the FIFA World Cup Qatar 2022. The event drew many participants from our staff, who were eager to guess the outcomes of various matches and compete for prizes.

The competition was a huge success with over 30 winners, and the top three were honoured for their excellent performance. The Supply Chain team came in first and second, followed by the Marketing and Manufacturing teams who tied for third place. The winners received certificates and gifts to acknowledge their success.



Armed Forces Academy Cadets OJT Programme

Baladna is considered a crucial asset for the country and has been included in the nation's emergency response plan. Baladna developed a programme for The Armed Force Cadets on Job Training, with the aim of equipping the cadets with the necessary skills to maintain the organisation's operations in case of emergencies, particularly when the skilled expatriate workforce is unavailable. It was a skills-focused, eight-week pilot programme that trained 30 participating cadets in Baladna's dairy farming and factory operations. The cadets received hands-on training in the Company's farming, manufacturing and quality units. The programme was a clear demonstration of Baladna's long-standing commitment to training and development, and its focus on upskilling and reskilling programmes for our communities.



HR in 2023

Our focus for the next three years will be on four main areas: strengthening leadership and management, enhancing talent development, training, and improving HR efficiency and service. We remain committed to creating a positive work environment for our employees through engagement and productivity.

As we work towards achieving our goals, we are adopting a collaborative approach to implement our strategy by ensuring transparency and involving all key stakeholders in the decision-making process. Through teamwork and cooperation, our plans will reflect changes and feedback from employees and leadership. Building on transparent culture in the workplace, we will communicate our progress and provide regular updates to our stakeholders.





Sustainability

As the world navigates the 'decade of action', the global community is prioritizing sustainable business practices and environmental protection. Political discourse has shifted towards climate action and business leaders are increasingly focused on embedding sustainability practices. At the same time, society is demanding more accountability from governments, business and other stakeholders. In this context, Baladna identifies sustainability as a key strategic enabler. Our aim is to serve the needs of today, while preserving the planet for future generations.

As one of the leading food producers in Qatar, we have a responsibility to conduct our operations with integrity and transparency. We adhere to the highest standards of corporate governance. We also comply with all relevant regulations and guidelines, while striving to meet applicable standards and best practice.

We believe that minimizing our negative impacts on the environment and society is key to the long-term success of our business. Consequently, we concentrate our efforts in areas where we can have the greatest impact - providing access to nutritious dairy products, promoting healthy eating habits, and maintaining the well-being of our cows.

During 2022, we continued to strengthen our ability to effectively address and respond to operational risks and opportunities relating to sustainability. Our aim is to remain fit-for-purpose as new climate and societal risks

and opportunities emerge. We are building organizational resilience and a culture of ethical practice. This positions Baladna to exceed the expectations of our stakeholders, while minimizing our negative impacts on society and the environment.

Our sustainability framework and roadmap

Baladna has developed a sustainability framework and roadmap outlining our sustainability commitments for the next 1-3 years. The sustainability framework and roadmap outline our approach to sustainability performance, including how we will achieve a triple win of economic, social and environmental gains for our stakeholders.

The diagram below shows the process we undertook in developing our sustainability framework and roadmap, along with our expected outcomes.



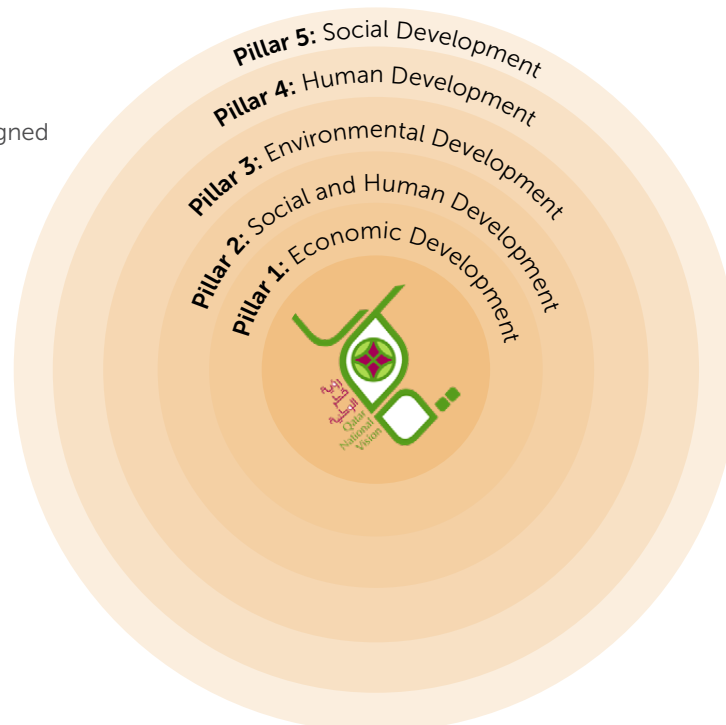
The five pillars of our sustainability framework

Baladna's sustainability framework is informed by our risk landscape and most important impacts on human, natural, social and relationship capitals, with consideration

of the needs and priorities of our stakeholders. The framework outlines the actions and initiatives that enable Baladna to entrench sustainability practices and make timely and appropriate disclosures on our performance. It consists of five pillars as outlined in the diagram.



Baladna's sustainability framework pillars are aligned with Qatar's Vision 2030 main pillars



Delivering societal value: our alignment to the UN SDGs

The United Nations Sustainable Development Goals (UN SDGs) provide the best articulation of what sustainable value should look like, setting a clear long-term agenda to end poverty, protect the planet and ensure prosperity for all by 2030. Baladna's culture is built around positively impacting lives and playing its role to attain these SDGs by working alongside government, communities and other

businesses. Through our core business of producing food and beverages, we are making a significant contribution to national and global developmental objectives.

We have identified and prioritised 12 SDGs, as depicted below, where we believe we can have the most meaningful impact:



Key sustainability initiatives during 2022

The socio-economic and environmental challenges facing the world can only be addressed through innovation and collaboration. The Qatar National Vision (QNV) 2030 explicitly calls on businesses to partner in these efforts. It is in this context that we implemented our sustainability initiatives in 2022.

Embedding sustainable practices in our operations

Baladna is one of the largest dairy farms in the Middle East, spreading over an area of 2.4 million sqm. The farm has a capacity to house up to 25,000 cows. During 2022, we continued to embed sustainable and ethical practices throughout our operations. Our goal is to minimize our negative impacts on society and the environment, improve waste management and increase efficiencies of finite resources such as water and energy.

Actions we take to make our dairy farming more sustainable

WE REDUCE RESOURCE WASTE THROUGHOUT OUR OPERATIONS

Reducing water consumption by over 50% at one of the world's largest dairy farms

Together with Veolia Water Technologies, Baladna implemented a wastewater treatment plant upgrade, enabling the use of recycled water for agricultural irrigation. As a result, Baladna reduced water consumption by more than 50%.

The system includes an initial separation step with a capacity of 22,000m³/day. Of its total capacity, 10,000 m³/day is treated in an MBR system, followed by a polishing reverse osmosis process. The process generates potable water that can be used in the farm's soaking and misting systems. The remaining 12,000 m³/day is recirculated to clean the barns.

Our state-of-the-art wastewater treatment plant contributes to year-on-year growth of 17.7% for treated wastewater that is reused for agriculture in Qatar.

The initiative contributes to the following UN SDGs:



WE WORK TOWARDS PROTECTING OUR ENVIRONMENT

Protecting the environment through responsible waste management

Baladna has invested in a state-of-the-art composting facility to reduce methane emissions. Our composting facility includes a specially designed organic waste collection system complete with pits, dewatering screens, screw press and a composting area, among other equipment and infrastructure. The facility is designed to treat around 47.9 kt of waste annually and produce about 12.16 kt of organic compost per year. We project that this will result in an overall greenhouse gas reduction of around 38,402 tCO₂e per annum.

Our composting facility has contributed to sustainable agriculture, including the improved management of water. During 2022, we processed 52.7 kt of solid waste and produced 13 kt of organic compost.

The initiative contributes to the following SDGs:



WE WORK TOWARDS BECOMING MORE ENERGY EFFICIENT

Developing new, energy-efficient dehumidification and cooling technology

Baladna is supporting the Gulf Organisation for Research & Development (GORD) in developing a patented, sustainable fresh air-handling dehumidification and cooling technology. Funded by Qatar National Research Fund (QNRF), the novel technology will reduce energy and water for livestock barns. GORD is using Baladna facilities to test the product. This enables us to be at the cutting edge of technological advancements while contributing to the responsible stewardship of our natural resources.

The initiative contributes to the following SDGs:



The FIFA World Cup Qatar 2022 legacy

The FIFA World Cup Qatar 2022 left a lasting legacy. As the first Arab country to host the prestigious international football tournament, Qatar used the opportunity to make significant investments in infrastructure, tourism and the

sports industry. Environmental protection was among the top considerations before and after the tournament. This presented an opportunity for responsible businesses such as Baladna to support Qatar's efforts to organize the most sustainable tournament in the history of the World Cup.

BALADNA GREEN CARBON CREDIT PROJECT: SUPPORTING THE FIRST-EVER CARBON NEUTRAL WORLD CUP

Partnering with the Supreme Committee for Delivery & Legacy (SC), Baladna provided carbon credits from its greenhouse gas (GHG) reduction composting project in support of the delivery of the first-ever carbon neutral FIFA World Cup Qatar 2022. The initiative also generated employment and business opportunities for the local community.

Baladna also provided expertise and data to the Global Carbon Council in collaboration with the Gulf Organisation for Research and Development (GORD).

These initiatives contribute to the following SDGs:



Collaborating with our industry partners

In addition to our three flagship projects, Baladna participated in several industry events and coalitions, and collaborated with a range of stakeholders on the following initiatives:

THE ONE TIDE INDUSTRY COALITION

Baladna is a founding member of the One Tide Industry Coalition that was unveiled by the Minister for Environment and Climate Change in December 2022. This coalition includes local, regional and global organisations that will work towards leveraging Qatar's hosting of the FIFA World Cup Qatar 2022 to promote awareness and positive action towards sustainable consumption.

This will facilitate an ongoing regional commitment to the environment, with Qatari and regional organizations encouraged to develop innovative initiatives to boost sustainable consumption.

Other founding members include MECC, SC, Al Rayyan Water, APEX Waste Management, Averda, Doha Plastics, Modern Cleaning and Trading MCC, Nestlé Middle East FZE, Unilever, Seashore and the Coca-Cola Company.

The initiative contributes to the following SDGs:



Looking ahead

In the year ahead, we will continue to be responsible stewards of our environment and finite natural resources, in support of Qatar's National Vision 2030 and the Qatar National Environment and climate change strategy. We will focus on measuring, monitoring and evaluating our ESG practices and performance.

Baladna's collaboration in Malaysia will be a model for sustainability measures in other international ventures. Our plan is to use technology to convert animal waste into energy for cooling barns and fueling tractors, while also using solar panels for additional power supply. Baladna will also invest in improving its non-financial disclosures, bearing in mind that ESG accountability and transparency is a journey that requires commitment from a broad range of stakeholders, both within and outside the business.

Contributing to Qatari Society

As a pillar of the community in Qatar, Baladna remains dedicated to acting as a force for good for the government and people of the nation. Each year, we carry out a wide range of activities and initiatives in line with this commitment, applying our time, efforts and resources to sponsor and support worthy causes and organisations.

Baladna Sponsors Al-Rayyan Sports Club

Al-Rayyan Sports Club is a Qatari multisport club fielding teams in a number of sports such as football, futsal, basketball, volleyball, handball, athletics, table tennis and swimming. For the third consecutive year, Baladna sponsored Al Rayyan Football Club to promote a healthy, active lifestyle for the people of Qatar through football and other sports. During the exhilarating year of the FIFA World Cup Qatar 2022, which proved to be the

most successful event in its history, we take great pride in associating the name of Baladna to promote the country's sports, and football in particular.



Baladna Sponsors Qatar Major 2022 Padel Tournament

Padel is one of the fastest-growing sports worldwide, with over 25 million players across the globe – a number that has doubled over the past five years. The Padel Grand Slam was successfully hosted at the Khalifa International Tennis & Squash Complex under the sponsorship of Baladna by the Qatar Tennis, Squash & Badminton Association. Participants included top male and female players from more than 38 countries around the world.



Baladna Sponsors DADU, Children's Museum of Qatar

As a founding member of DADU, Baladna is continuously supporting the Children's Museum of Qatar to promote culture, literacy and education for children. Baladna is contributing to a collective endeavor to enrich the wider community. We continue to support the museum to assist

future generations to reach their full potential through tailored programs that optimize learning outcomes for children at each stage of their development. This is the second consecutive year that Baladna is taking part in the collaboration.



Baladna Sponsors Al Jassem Magazine for Children

Moreover, Baladna sponsored the Al Jassem Magazine for Children, a positive publication for spreading and promoting culture among children of all ages through the monthly national children's magazine. This is the third consecutive year Baladna sponsoring the publication.



Baladna Joins Qatar Charity as a Humanitarian Partner

Qatar Charity signed a cooperation agreement with Baladna Food Industries, whereby the Company obtained the "Humanitarian Partner" label within the gold category under Qatar Charity's social responsibility programs. The signing of the agreement comes in light of Qatar

Charity's commitment and dedication to provide the necessary aid and support to local target groups within Qatari society. Under the terms of the agreement, Baladna Food Industries enjoys the advantages of a humanitarian partner for providing support and assistance to the social programs and projects implemented by Qatar Charity.



Baladna Sponsors 10th Annual Ooredoo Doha Marathon

Baladna has sponsored the Ooredoo Doha Marathon, which is an annual event held to encourage more people to get involved in sport and to raise funds for charity. The marathon serves to unite people, inspire them to lead better lifestyles, and drive them to volunteer in their communities.



To further support Qatari culture and heritage, Baladna sponsored Emir Sword for the third consecutive year, a prestigious annual event organized by the His Highness Sheikh Tamim bin Hamad Al Thani, the Emir of Qatar. The event brings together a great mix of local culture and tradition, including horse racing, a tradition that has been followed for many generations in Qatar.



Moreover, providing our support towards education, Baladna continued to work with KidsMondo Doha, which is an international edutainment park for children between 2 and 14 years. It features a self-sufficient city built for and managed solely by children or "Kidizens". Children will be attracted to go through the different establishments, while providing experiencing a mental and physical voyage of investigation, exploration and adults' role play led by a highly qualified team of more than 115 educators. Throughout their experience, kids will learn the complexities of the adult professional world.



Baladna Park and Visitors Hall

Baladna Park is one of the top tourist attractions in Qatar. Tourism has been identified by the country's leadership as one of five priority sectors integral to diversifying Qatar's economy and to increasing private sector participation. At Baladna Park, visitors can learn about and experience farm life in Qatar. It is open to the public and has gained popularity among families and students, especially for its educational value.

The Park provides visitors with a wide range of enjoyable and educational experiences. For example, the Baladna Visitors Hall gives people an opportunity to witness the live milking of cows through state-of-the-art milking technology. Other attractions include savoring Arabic-inspired cuisine, exploring various playgrounds and feeding animals in the Animal Zone. Baladna Park gives everyone a chance to participate in their favorite outdoor activities in a serene, natural wonderland.

Especially during a year in which Qatar hosted the largest and most exciting event in the world, Baladna Park and Visitors Hall attracted thousands of tourists from several parts of the world, offering them unique, thrilling and memorable experiences.



BALADNA

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2

Governance

Our business is built on clear principles and sound governance that helps maintain trust.

74	Chairman's Foreword	107	Investor Relations
75	Introduction	108	General Assembly Meeting
75	Corporate Governance Report	109	Whistleblowing
76	Board of Directors	109	The Company's Irregularities and Violations
90	Board Committees	110	Conflict of Interests and Code of Conduct
98	Macro Organisational Chart	111	Related Party Transactions
99	Executive Management	113	Significant Events during 2022
103	Insider Trading	114	Directors' Report on Internal Controls Over Financial Reporting (ICOFR)
104	Internal Control	117	Independent Assurance on the compliance with QFMA's Law and relevant legislations, including the Governance Code for Companies and Legal Entities Listed on the Main Market
105	Risk Management	120	Independent Assurance Report on the suitability of the design, implementation and operating effectiveness of ICOFR
105	External Auditors		
105	Corporate Social Responsibility (CSR)		
106	Protection of Shareholders and Stakeholders Rights		
106	Dealing with Rumours		
106	Ownership Structure and Share Performance		
107	Shareholders' Register		



Chairman Foreword

2022 was a year of growth for Baladna, and subsequently, the dairy industry of Qatar. Despite supply chain challenges, the team demonstrated remarkable determination and dedication in driving our company's growth. Our team's efforts resulted in surpassing previous sales and performance records, solidifying our position as an industry leader.

To capitalize on the anticipated boost in demand from visitors during the World Cup, Baladna began the year by revising its growth strategy. This new strategy was designed to better cater to our existing customers and address the potential challenges posed by supply chain disruptions and inflation.

Baladna grew its global network and worked diligently around food security and sufficiency, not just in Qatar, but across the region. We have completed the feasibility study for the project in Malaysia. Discussions are also ongoing with the governments of the Philippines and Indonesia.

Baladna's commitment to sustainability and multi-stakeholder collaboration will ensure long-term growth and responsible business practises. This strategy serves as a model for other businesses and countries prioritising food security.

I am pleased to present to you Baladna's Corporate Governance Report for the year 2022. The report confirms the company's compliance with Governance Standards, best practices and with all Corporate Governance requirements issued by Qatar Financial Markets Authority in a manner that ensures Baladna's sustainability and growth and enhances shareholders trust and the confidence of investors, regulators and all stakeholders.

As we head into the new year with a fresh perspective and positive outlook, I am proud that Baladna continues to fulfil its promise to support Qatar's vision of being self-sufficient and food secure.

Moutaz Al Khayyat
Chairman

Introduction

This Corporate Governance Report (hereinafter “the Report”) covers the period from 1 January 2022 to 31 December 2022 (hereinafter “the Period”) and is prepared pursuant to article (4) of the Corporate Governance Code for Companies and Legal Entities listed on the main market, issued by Qatar Financial Markets Authority’s (QFMA) Board pursuant to Decision No. (5) of 2016.

The Report forms a part of Baladna’s Annual Report for the same period.

This report gives an overview of Baladna’s corporate governance systems and procedures as of 31 December 2022. It has been filed with Qatar Financial Markets Authority (QFMA) and posted on Baladna’s website.

1. Corporate Governance Report

1.1 Baladna’s Governance Practices

Baladna Q.P.S.C is committed to the application of the principles of corporate governance to the highest level and has derived its values from a system which integrates ethics, corporate integrity and leading compliance practices.

Transparency, fairness, disclosure and accountability have been central to the working philosophy of the Company, its management and the Board of Directors.

To this end, the Company’s corporate governance framework takes into account the principles adopted and standards set by Qatar Financial Markets Authority and Qatar Commercial Companies Law, number (11) for 2015 amended by Law number (8) for 2021, and the Corporate Governance Code for Companies and Legal Entities listed on the main market, issued by Qatar Financial Markets Authority and other related laws and regulations set by QFMA.

Furthermore, Baladna is keen on strengthening its corporate governance framework in compliance with the requirements of governance rules and related laws and regulations set by QFMA and QE as well as compliance with the provisions of the Company’s Articles of Association, Board’s and sub-committees’ charters, the Company’s policies and procedures, and the implementation of best practices adopted in the State of Qatar.

At Baladna we affirm our commitment to the provisions and rules of governance, disclosure requirements and relevant laws.

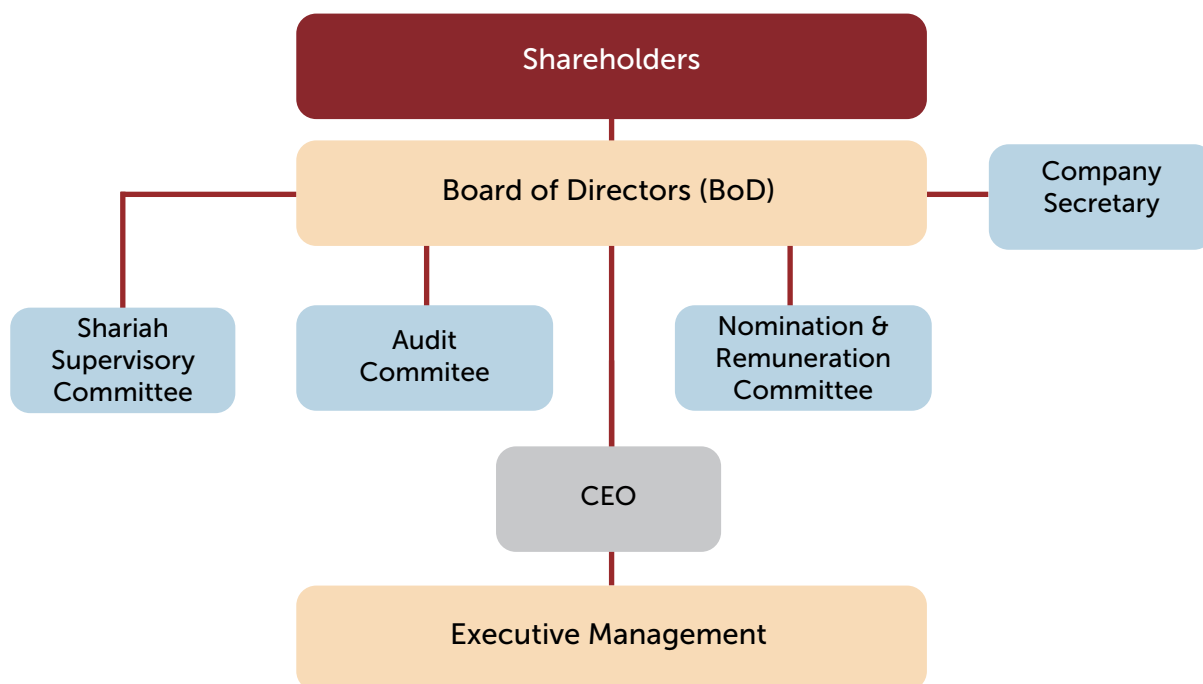
1.2 Corporate Governance Principles

The following are some examples of the Company’s application of the principles of corporate governance:

- During the period a total of 6 meetings were held periodically and convened by the Board of Directors. Furthermore, the Board Committees held periodic meetings i.e., the Audit Committee held 6 meetings, the Nomination and Remuneration Committee held 2 meetings and the Shariah Compliance Committee held 2 meetings. Both the BoDs and its Committees discharged their responsibilities according to the powers granted to them.
- The Audit Committee and the Board of Directors conducted reviews over the system of financial controls and its governing accounting and financial policies to ensure proper application of such policies and procedures.
- It has been ensured that the transactions carried out by the Board members and senior officers are in compliance with the prevailing laws and regulations.

- During the period, the Company adhered to the regulations concerning the transparency in disclosures made, including the disclosures of the Board's meeting dates and any decisions that might have an effect over the share price.

1.3 Baladna's Governance Structure



2. Board of Directors

2.1 The Board of Directors Structure and Composition

The Board of Directors was appointed at the Constitutive General Assembly Meeting held on 26 November 2019 for a term of 5 years, in accordance with Articles 95 and 96 of the Commercial Companies Law. The Board of Directors has been appointed by the founders in coordination with several official authorities, including the Qatar Financial Markets Authority and the Ministry of Commerce and Industry.

The Board of Directors is structured according to the Articles of Association (Articles 29, 30), where the Board was made up of 7 members, as follows: 3 members appointed by the founders, 3 members appointed by the Government of Qatar, and an Independent member agreed upon between the Government and founders.



The following table shows the details of the Board of Directors' members:

Name	Position	Executive	Non Executive
Mr. Mohamed Moutaz Al Khayyat	Chairman		✓
Mr. Mohammed Badr Al Sada (representing Special Shareholder / Hassad Food)	Vice Chairman		✓
Mr. Ramez Al Khayyat	Board Member/Managing Director	✓	
His Excellency Dr. Sheikh Faleh Bin Nasser Bin Ahmad Al Thani (representing Special Shareholder / Qatar Food Security Committee)	Board Member		✓
Mr. Hamad Bin Abdullah Bin Khalid Al Attiya (representing Special Shareholder / GRSIA)	Board Member		✓
Mr. Mazen Alsabeti	Board Member		✓
Mr. Aidan Tynan	Board Member		✓

Special Share

The State of Qatar, represented by the Ministry of Commerce and Industry, has allotted one Special Share, and the Special Share will have specific rights to appoint certain Directors, veto particular decisions of the Company, and other rights. The Special Shareholder, as holder of the Special Share, has the rights set out in Article 28 of Baladna's Article of Association.

Members of the Board of Directors representing Special Share

The Government of Qatar has appointed the following members as representatives of the Special Share:

Board Member Name	Position	Special Shareholder
Mr. Mohammed Badr Al Sada	Vice Chairman	(Representing Special Shareholder/Hassad Food)
His Excellency Dr. Sheikh Faleh Bin Nasser Bin Ahmad Al-Thani	Board Member	(Representing Special Shareholder/ Qatar Food Security Committee)
Mr. Hamad Bin Abdullah Bin Khalid Al Attiya	Board Member	(Representing Special Shareholder / General Retirement and Social Insurance Authority (GRSIA))

Member Since	Academic Qualification and Experience
26 November 2019	Self-made entrepreneur and businessman striving to explore new business frontiers with the economies of scope strategy to sustain our business and to provide clients with cutting-edge and total solutions.
26 November 2019	Holds an Engineering degree from the University of Arizona. He has worked in different sectors such as oil and gas, investments and telecommunications. He recently moved to the food sector, where he became the CEO of Hassad Food, which is owned by Qatar Investment Authority and invests only in the food sector.
26 November 2019	A well-known entrepreneur and a proven leader who brings a wealth of experience in operations, risk management and business development.
26 November 2019	Holds a PhD in Water Resources Management and in Solar Water Desalination from the University of Hertfordshire, UK. He is the Minister of Environment and Climate Change as well as the Head of the Qatar National Food Security Programme. He has 19 years of experience in the agricultural and environmental sectors and in water resource management.
26 November 2019	Holds a Bachelor's degree in Business Administration from the University of Wales, UK. He holds an Executive MBA degree from HEC Paris, majoring in Innovation and Social Business. He has 13 years of experience in investment, pension funds' investments, corporates and banking, listed equities, local and global portfolios.
26 November 2019	He has 23 years of comprehensive experience as an Executive Director, initiating growth policies as a Senior Executive. His expertise includes planning, execution, monitoring and resource balancing skills, with the ability to support multiple projects in a matrix of organisational structure.
26 November 2019	Holds a Master's degree in Management from York University in the UK. He is a Graduate of the Chartered Institute of Marketing, UK, and a Graduate of the Marketing Institute of Ireland. He has over 30 years of general management experience across multiple sectors including dairy, food, leisure, retail, insurance, e-commerce, property development and acquisitions.

Board of Directors Profile



Mr. Mohamed Moutaz Al Khayyat
Group Chairman

Mr. Mohamed Moutaz Al Khayyat comes from a family of contractors established in 1983. He grew his company, UCC Holding, into a regional player in the contracting world, undertaking several large and complex projects. They range from highways and bridges to infrastructure works, factories, commercial complexes and luxury residential and hotel facilities.

He diversified his interests in several businesses across different sectors. He is the Chairman of Estithmar Holding Q.P.S.C and Founder and Chairman of Assets Real Estate Development and Property Management. He also ventured into hospitality and entertainment and is the Chairman of Aura Hospitality, Entertainment and Catering Group. Mr. Al Khayyat owns and operates several homegrown brands along with franchised international brands.

As Group Chairman of Power International Holding, he leads more than 40 companies spanning general contracting, agro-food industries, real estate development, healthcare, lifestyle (hospitality, entertainment and catering) and general services.

In addition to his business interests, Mr. Al Khayyat is involved in philanthropic work through the Al Khayyat Foundation, which he founded in 2015.



Mr. Mohammed Badr Al Sada
Vice Chairman

Mr. Mohammed Badr Al Sada has worked in different sectors including oil and gas, investments and telecommunications. He recently moved to the food sector, where he became the CEO of Hassad Food, which is owned by Qatar Investment Authority and invests only in the food sector.

Mr. Al Sada has been working in the capacity of Chief Executive Officer of Hassad Food since June 2017. Prior to that, he served as the Chief Operating Officer for Vodafone Qatar and Chief of Business Development at the same company. Before that, he worked in a senior role for Qatar Investment Authority. He started his career as an Engineer for one of the major companies in the gas sector in Qatar, spending 2 years in Japan during the development of the Dolphin Energy project.

Mr. Al Sada serves on the boards of several companies. He is the Chairman of Widam Food Company QSC, Board member of Arab Qatari for Poultry Production QSC (Al Waha), Qatar Development Bank and Arab Co. for Livestock Development (ACOLID).

Mr. Al Sada holds a degree in Engineering from the University of Arizona, USA.



His Excellency Dr. Sheikh Faleh Bin Nasser Bin Ahmad Al Thani
Board Member

His Excellency Dr. Sheikh Faleh Bin Nasser Bin Ahmad Al Thani is the Minister of Environment and Climate Change as well as serves as the Head of the Qatar National Food Security Programme. He has 19 years of experience in the agricultural and environmental sectors, as well as in the management of water resources. He is also experienced in investment projects with the Ministry of Municipality and Environment (MME). Dr. Al Thani has served as Undersecretary of Agricultural and Fisheries Affairs at the MME since 2005. From 2011 onwards, he has acted as the Head of Qatar's permanent committee for the protection of underwater life. Since 2006, he acted as the Head of the permanent committee for farms and wells affairs. Dr. Al Thani is the Chairman of National Food Company NAFCO a subsidiary of HASSAD Food.

Throughout his career, he has represented the Government in various delegations and missions, in both regional and international forums relating to the agricultural sector. He has also previously represented the Government before leading organisations and during events, such as the FAO ASIAN, AOAD, ICARDA, IFAD and ACSAD. Furthermore, he has presented academic research papers at international conferences, workshops, and conventions. The research relates to water desalination through the use of solar energy as well as increasing agricultural productivity.

Dr. Al Thani holds 2 PhDs, one in Water Resources Management and another in Solar Water Desalination, both from the University of Hertfordshire in the United Kingdom.



Mr. Ramez Al Khayyat
Board Member/Managing Director

Mr. Ramez Al Khayyat is a well-known entrepreneur and proven leader who brings a wealth of knowledge and experience in operations, risk management and business development. Mr. Al Khayyat started his career as a Board member for Al Khayyat Contracting and Trading, working to expand and develop the company.

In 2011, he and his brother, Mr. Mohamed Moutaz Al Khayyat, founded Urbacon Trading & Contracting (UCC) in Qatar, as second generation owners. Mr. Ramez Al Khayyat runs the privately held company and holds the position of Managing Director. UCC has constructed many internationally renowned projects.

In 2015, Mr. Al Khayyat received recognition from the Socrates Committee in Oxford, UK, as "Manager of the year". They also recognised UCC as one of the "Best Enterprises" in the field of construction in Qatar.

As the Vice Chairman and Group CEO of Power International Holding, Mr. Al Khayyat co-owns and manages a multitude of companies, operating in general contracting, agriculture and food industries, real estate development and lifestyle (hospitality, entertainment and catering).

The companies have grown horizontally by creating various affiliates. These operate worldwide in countries including Qatar, Europe, the UK, Turkey, Oman and the Maldives, with plans for further expansion. Mr. Al Khayyat is also the Vice Chairman of Estithmar Holding Q.P.S.C.



Mr. Hamad Bin Abdullah Bin Khalid Al Attiya
Board Member

Mr. Hamad Bin Abdullah Bin Khalid Al Attiya is a Senior Investment Analyst with overall experience of 13 years in investment, pension funds' investments, corporates and banking, listed equities, and local and global portfolios.

In 2007, he started as a Bank Monitor in Qatar Central Bank's Provision and Control Department. He later joined the General Retirement and Social Insurance Authority's Investment Department, where he specialised in investment analyses and covered all local and global portfolios' listed equities.

Mr. Al Attiya holds a degree in Business Administration from the University of Wales, UK, and is also an HEC Paris Executive Master holder, majoring in Innovation and Social Business.



Mr. Mazen Alsabeti
Board Member

Mr. Mazen Alsabeti is an accomplished specialist in the industry, with 23 years of comprehensive and successful experience as an Executive Director, initiating growth policies as a Senior Executive. He has outstanding planning, execution, monitoring and resource balancing skills, with the ability to support multiple projects in a matrix of organisational structure.

Mr. Alsabeti is the main contact person for business stakeholders in providing accurate reporting and information regarding ongoing projects, developing and executing strategies, and working and forming relationships with prominent members of the media, government and the public, to uphold a positive image for the Company and generate new business opportunities.



Mr. Aidan Tynan
Board Member

Mr. Aidan Tynan specialises in business turnarounds and has a proven track record of success across the GCC and Middle East. He has over 30 years of general management experience across multiple sectors including dairy, food, leisure, retail, insurance, e-commerce property development and acquisitions.

Prior to joining Baladna, Mr. Tynan was employed by Danone Plc., a world-leading food company. He held the position of Chief Operating Officer of Al Safi Danone and was Acting CEO from 2013 to 2017. Mr. Tynan was also appointed to the Board of Al Safi Danone Iraq and was a member from 2015 to 2017.

Mr. Tynan's previous positions in the Middle East include Group Consultant for the Al Othman Group, Head of E-commerce and Retail for Arabian Shield Insurance Plc., Chief Sales and Trade Marketing Officer for SADAFICO Plc., Head of Sales for Almarai Plc. for 7 years, and in Ireland, he was CEO of the Irish Greyhound Board and Business Development Manager for Fleming Group.

Mr. Tynan holds a Master's degree in Management from York University in the UK, in addition to being a Graduate of the Chartered Institute of Marketing, UK, and a Graduate of the Marketing Institute of Ireland. Mr. Tynan is currently an Executive Director of 2 Irish property-related companies: Build value Limited and Exhibit side Limited.

2.2 Board of Directors' Membership

Membership of Board of Directors in other publicly listed companies and their titles in any other prominent entities:

Board Member	Company / Entity	Position
Mr. Mohamed Moutaz Al Khayyat	Estithmar Holdings Q.P.S.C	Chairman of the Board
Mr. Mohammed Badr Al Sada (representing Special Shareholder / Hassad Food)	- Widam - Arab Qatari for Poultry Production - Al Waha - Qatar Development Bank QDB - The Arab Company for Livestock Development (ACOLID) - Al Hosn Investment Company SAOC (Oman)	- Chairman of the Board - Vice Chairman - Board Member - Board Member - Board Member
Mr. Ramez Al Khayyat	Estithmar Holdings Q.P.S.C	Vice Chairman
His Excellency Dr. Sheikh Faleh Bin Nasser Bin Ahmad Al Thani (representing Special Shareholder/Qatar Food Security Committee)	National Food Company (subsidiary of Hassad)	Chairman of the Board
Mr. Hamad Bin Abdullah Bin Khalid Al Attiya (representing Special Shareholder / GRSIA)	- Al Madina Logistics Services (SAOC) (Oman) - Qatar Quarries and Building Materials Co.	- Board Member - Board Member
Mr. Mazen Alsabeti	-	-
Mr. Aidan Tynan	-	-

2.3 Directors' Remuneration and Sitting Fees

As per the company's articles of association and since the company didn't achieve the required net profit to distribute dividends therefore, no remuneration to be paid to the Board of Directors 2022

Total sitting fees of QR 730,000 were paid to the Board of Directors for the year 2022 for the period from 1 January 2022 to 31 December 2022 for attending a total of 17 meetings, including Board meetings, its related Committee meetings, 1 Extraordinary General Assembly meeting, and the Ordinary General Assembly Meeting.

The company did not provide any cash loans, guarantee or credits to any of the chairman and members of the board of directors during the year ended 31 December 2022.

2.4 Board of Directors' Meetings

The following table lists the Board of Directors' meeting attendance during the year 2022 for the period from 1 January 2022 to 31 December 2022:

Meeting No.	Date	Mr. Mohamed Moutaz Al Khayyat	Mr. Mohammed Badr Al Sada	Mr. Ramez Al Khayyat	His Excellency Dr. Sheikh Faleh Bin Nasser Bin Ahmad Al Thani	Mr. Hamad Bin Abdullah Bin Khalid Al Attiya	Mr. Mazen Alsbeti	Mr. Aidan Tynan
1	07/03/2022	■	■	■	■	■	■	■
2	27/04/2022	■	■	■	■	■	■	■
3	28/06/2022	■	■	■	■	■	■	■
4	14/08/2022	■	■	■	■	■	■	■
5	24/10/2022	■	■	■	■	■	■	■
6	28/12/2022	■	■	■	■	■	■	■

■ Attended ■ Attended by proxy

The details are in the following table:

Board Member	Membership	Meetings				
		AGM	Board of Directors	Nomination and Remuneration Committee	Audit Committee	Shariah Committee
Mr. Mohamed Moutaz Al Khayyat	Chairman	1	6	-	-	-
Mr. Mohammed Badr Al Sada	Vice Chairman/ Nomination and Remuneration Committee Chairman	1	5	2	-	-
Mr. Ramez Al Khayyat	Board Member / Managing Director	1	5	-	-	-
His Excellency Dr. Sheikh Faleh Bin Nasser Bin Ahmad Al Thani	Board Member	1	6	-	-	-
Mr. Hamad Bin Abdullah Bin Khalid Al Attiya	Board Member / Audit Committee Member	1	5	-	4	-
Mr. Mazen Alsabeti	Board Member / Nomination and Remuneration Committee Member	1	6	1	-	-
Mr. Aidan Tynan	Board Member / Audit Committee Chairman	1	6	-	6	-
Mr. Murad Sahawneh	Nomination and Remuneration Committee Member	-	-	2	-	-
Mr. Hassan Morad Agha*	Audit Committee Member	1	6	2	6	2
Dr. Ali Al Qarah Daghi	Shariah Committee Chairman	-	-	-	-	2
Dr. Walid Bin Hadi	Shariah Committee Member	-	-	-	-	2
Mr. Eyad Abdulrahim	Shariah Committee Member	-	-	-	-	2

*In compliance with Article No. 18 of the Governance Code related to Board Committees, the membership of Mr. Hassan Morad Agha of the Audit Committee ended on 28 December 2022.

Furthermore, during the above-mentioned period, the Board of Directors didn't issue any Board resolutions by circulation.

2.5 Duties and Responsibilities of the Board of Directors

The Board of Directors' role is to represent the shareholders and be accountable to them for creating and delivering sustainable value through the effective governance of the business. It is the Board's responsibility to ensure that effective management is in place to implement Baladna's strategy.

The Board of Directors' role and responsibility has been fully illustrated through the Articles of Association of the Company and the Board charter, as stated in the Commercial Companies Law No. (11) for 2015 and the Corporate Governance Code for Companies and Legal Entities listed on the main market issued by Qatar Financial Markets Authority, in particular articles (8) and (9).

The following are the responsibilities of the Board of Directors:

- Oversee the Company's management in the optimal way.
- Ensure compliance with relevant laws, regulations, rules and the Company's Articles of Association.
- Protect the Company from illegal, arbitrary or inappropriate business and practices.
- Each Board member should discharge duties with good faith, seriousness and concern, and its decisions must be based on adequate information from the executive management, or from any other reliable source.
- Each Board member represents all shareholders and adheres to what is in the best interest of the Company.
- The Board must specify the powers that it delegates to the executive management, the procedures for making decisions and the duration of the delegation. The Board also determines the issues it retains the power to decide on, and the executive management submits periodic reports on its practices of delegated powers.
- The Board ensures that procedures are in place to familiarise the new Board members with the Company's work, especially the financial and legal aspects, in addition to training them if necessary.
- Ensures that the Company provides sufficient information about its affairs to all members of the Board in general and Non-Executive Board members in particular, in order to enable them to carry out their duties and tasks efficiently.
- The Board submits a detailed statement of transactions and deals with any related party in the event that the related party has an interest that may conflict with the Company's interest, at least a week before the date specified for the General Assembly meeting, by considering the Company's budget and the Board's report of shareholders.
- Follows up on developments in the field of corporate governance and the application of best practices in this regard.
- Ensures that all disclosures made by the Company are accurate, correct and not misleading.
- Ensures that employees are treated according to the principles of justice and equality without any discrimination on the basis of race, gender or religion.
- Adopts a mechanism that allows employees to report suspicious, illegal or harmful behaviours in the Company. The Board ensures that the complaint is safe and reliable and ensures that the confidentiality of the complainant is maintained. The Board ensures the complainant receives the necessary protection from any form of retaliation. This includes, but is not limited to, protection from retaliation in the form of an adverse employment action such as termination, compensation decreases, or poor work assignments and threats of physical harm.

- Prepares an annual detailed statement that is submitted to shareholders a week prior to when the general assembly convenes to consider the Company's budget and the Board of Directors' report, so that it includes the following data:
 1. All the sums obtained by the Chairman of the Company's Board of Directors, and every member of this Board in the fiscal year, from wages, fees, and salaries, in exchange for attending the meetings of the Board of Directors and an allowance for expenses, and any other sums in any capacity.
 2. In-kind and cash benefits enjoyed by the Chairman of the Board of Directors, and every member of the Board of Directors in the fiscal year.
 3. The rewards that the Board of Directors proposes to distribute to its members.
 4. The amounts allocated to each current Board member.
 5. Transactions in which a member of the Board of Directors or manager has an interest that conflicts with the Company's interest and requires disclosure or prior approval in accordance with Article (109) of this Law, in addition to the details of the transactions and deals.
 6. The exact sums spent for the sake of advertising in any form, with the details of each amount.
 7. Donations with an indication of the entity that was donated and the reasons for the donation and its details.
 8. Allowances paid to any member of the senior executive management.

2.6 Board Activities during the Period from 1 January to 31 December 2022

During the above-mentioned period, Baladna's Board of Directors achieved the following governance goals:

In relation to the General Assembly meetings:

First: Baladna held its Annual General Assembly meeting on 20 April 2022 and the following decisions were taken:

- The General Assembly approved the Chairman's report on the Company's activities and the financial position for the financial year ended 31 December 2021, and the Company's future business plan.
- The General Assembly approved the External Auditor's report on the Company's Financial Statements for the year ended 31 December 2021.
- The General Assembly approved the Company's consolidated and audited financial statements, for the financial year ended 31 December 2021, including the profit and loss, and balance sheet statements.
- The General Assembly approved the proposal of the Board of Directors to distribute dividends at a rate of 5.3% of the nominal value of the shares for the year ended 31 December 2021.
- The General Assembly approved discharging members of the Board of Directors from any liability relating to their directorship duties and responsibilities for the financial year ended 31 December 2021 and approved the Board's recommendation to award bonuses to the Board members for the financial period ended 31 December 2021.
- The General Assembly approved the appointment of Moore Stephens as the Company's Auditors for the financial year 2022 and approved their fees as per the Board's recommendation.
- The General Assembly approved the Company's Corporate Governance Report for the year 2021 and approved the Annual Report for the year ended 31 December 2021.

Second: Baladna also held an Extraordinary General Assembly meeting on 20 April 2022, where the proposed amendments to the Company's Articles of Association were approved to comply with the provisions of Law No. 8 of 2021 amending the provisions of Commercial Companies Law No. 11 of 2015.

Third: Baladna held an Extraordinary General Assembly meeting on 4 December 2022, where it was approved that Baladna Food Industries W.L.L., a fully owned subsidiary of Baladna QPSC, acquired 75% of E-Life Detergent Factory W.L.L.

In relation to the Board of Directors and its Committees meetings:

During the year 2022, Baladna held its regular Board meetings where the following decisions were taken:

- Approved the Company's governance documents, including but not limited to approve any updates to the Board and Committee charters, policies, procedures and Delegation of Authority.
- Proposed a recommendation to the General Assembly to distribute cash dividends to Baladna shareholders.
- Approved the financial budget and financing plan for 2023.
- Approved the unbudgeted capital expenditures outside the approved budget for the year 2022.
- Monitored the execution of Baladna's expansion strategy, through signing MoUs with potential markets outside Qatar deemed economically and geographically important.

2.7 Board of Directors Evaluation

During the year, the Board of Directors conducted semi-annual and annual evaluations of the Board's overall performance. The Board members, Board Committees and the executive management members were evaluated taking into account the extent to which the Board is committed to achieving Baladna's best interests, as the Board of Directors is collectively responsible for overseeing the effective management of the Company and for developing strategic policies and objectives. They are also responsible for effectively monitoring the performance of the Company and its subsidiaries, and ensuring succession planning for management, as well as protect shareholders' rights and long term development. In particular, the following criteria were considered in evaluating the performance of the Board of Directors:

- Number of meetings held annually
- Regularity of the meetings held annually
- Percentage of attendance of meetings held annually
- Prompt and efficient completion of the issues on the Board's agenda
- The extent to which the Board of Directors has complied with the transparency and disclosure requirements
- Interacting with the Board's Committees and implementing their recommendations
- Achieving plans, objectives and compliance with the adopted policies
- Any other measures that require the Board's assessment and objectivity

The results of the semi-annual and annual evaluations showed that the Board of Directors had fully complied with the provisions of the Laws and Articles of Association, the governance system, the transparency and disclosure procedures and any other regulations and rules governing the Board of Directors mandate. Accordingly, the Board's performance showed its supposed strengths and did not show any weakness.

2.8 Board of Directors Disclosure

In practicing their duties, Baladna's Board of Directors are fully aware of, and clearly understand, all applicable laws, rules and regulations in order to comply with them under any circumstances. Therefore, the Directors fulfil their responsibilities diligently and in accordance with the principles of integrity and fairness, and in compliance with the professional standards.

The table below shows the Company's shares owned by the Board of Directors as of 31 December 2022:

Board Member Name	Position	Total Shares as of 31 December 2022
Mr. Mohamed Moutaz Al Khayyat	Chairman	237,475,000
Mr. Mohammed Badr Al Sada (representing Special Shareholder/Hassad Food)	Vice Chairman	-
Mr. Ramez Al Khayyat	Board Member / Managing Director	237,485,000
His Excellency Dr. Sheikh Faleh Bin Nasser Bin Ahmad Al Thani (representing Special Shareholder/Qatar Food Security Committee)	Board Member	5,000
Mr. Hamad Bin Abdullah Bin Khalid Al Attiya (representing Special Shareholder/GRSIA)	Board Member	-
Mr. Mazen Alsbeti	Board Member	100,000
Mr. Aidan Tynan	Board Member	-

2.9 Board Member's Continuous Development

Recognising the value and importance of development for the Board, the Nomination and Compensation Committee worked closely to prepare a suite of development materials for the Board of Directors. The topics covered included environmental, social and governance.

2.10 Company Secretary

The Company Secretary is the focal point for communication with the Board of Directors and senior management and plays a key role in the administration of important corporate governance matters. Our Company Secretary, Mr. Hassan Morad Agha was appointed by the Board on 12 January 2020.

The Company Secretary has the following key responsibilities:

- Organise Director's meetings in accordance with procedures to be agreed upon from time to time by the Chairman and the Board.
- Prepare notices, agendas of meetings, and supporting reports and documentation in a timely manner.
- Attend Board meetings and undertake secretarial responsibilities, including organising minute-taking at each meeting.
- In conjunction with the Chief Executive Officer and other senior management, carry out instructions of the Board and give practical effect to the Board's decisions.
- Report to the Board with respect to all corporate secretarial responsibilities.
- Arrange/organise shareholders' meetings.

Qualifications:

Mr. Hassan holds a degree in Finance and Commerce and is a Certified Internal Auditor (CIA), USA, and a Certified Board Secretary (CBS).

3. Board Committees

The Board has established 3 Board Committees:

- Audit Committee
- Nomination and Remuneration Committee
- Shariah Supervisory Committee

The above Committees assist the Board in discharging its responsibilities. The Committees operate in line with their respective charters approved by the Board. The charters set out their roles, responsibilities, scope of authority, composition, and procedures for reporting to the Board. The charter of each Committee has verified that it is in line with the Articles of Association of the Company and the Commercial Companies Law No. 11 for 2015, and the Corporate Governance Code of the Qatar Financial Markets Authority.

3.1 Audit Committee

The Audit Committee, appointed by the Board of Directors, consists of 3 members. Headed by an Independent Board Member and 2 other members, the Committee assists Baladna's Board in overseeing the integrity of the Company's financial statements. It also provides consultancy to the Board on the efficiency and adequacy of internal control systems and arrangements for risk management. The Committee is also responsible for ensuring that internal and external audit functions are independent and objective. In addition, the Committee advises the Board on all matters that need attention and require a decision. The Committee also puts great importance on investigating any violations in the Company.

The Audit Committee maintains free and open communication between the external auditors, internal auditors, and senior management. The responsibilities of the Audit Committee include:

- Monitoring the integrity of Baladna's financial statements and any formal announcements relating to the Company's financial performance, as well as reviewing significant financial reporting judgements that they contain.
- Reviewing Baladna's internal controls, risk management and compliance with the relevant regulations.
- Establishing, monitoring and reviewing the effectiveness of the Company's Internal Audit department, systems and processes.
- Making recommendations to the Board in relation to the appointment, reappointment, resignation, discharge and remuneration of the external auditor and ensuring a timely response by the Board on the matters contained in the external auditor's letter.
- Reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements.
- Developing and implementing guidelines on the engagement of the external auditor to supply non-audit services.
- Reporting to the Board on matters that in the Committee's opinion require action or improvement and providing recommendations on the necessary steps required to achieve such improvement.
- Reviewing the whistleblower system whereby employees can anonymously notify their doubts on potential abnormalities in the financial report or internal controls or any other matter and ensuring proper arrangements for independent and fair investigations of such matters.
- Reviewing any related party transaction and reviewing compliance with such rules for the conduct and approval of such transactions.
- Determining the appointment, compensation, benefits, performance appraisal, discipline, replacement, reassignment, or dismissal of the Head of Internal Audit.

In 2022, the Committee completed a number of major works including:

- The review of the annual and quarterly internal audit reports regularly.
- The review of the annual disclosure results for 2022.
- Monitored the execution of the annual audit plan for the year 2022.
- Approve the Internal Audit department's annual audit plan (risk- based) for the year 2023.
- Endorsed quarterly financial statements and reviewed the annual financial statements and submitted a recommendation to the Board of Directors.
- Reviewed the updates on Baladna's Internal Audit charter, Code of Conduct, Whistleblowing policy and Board Governance charter.
- Approved the budget of the Internal Audit department for 2022.
- Reviewed the Corporate Governance report and ensured full compliance with QFMA requirements and submitted it to the Board for approval.

The Audit Committee members are:

Mr. Aidan Tynan

Audit Committee Chairman

Mr. Aidan Tynan specialises in business turnarounds and has a proven track record of success across the GCC and Middle East. He has over 30 years of general management experience across multiple sectors including dairy, food, leisure, retail, insurance, e-commerce property development and acquisitions.

Prior to joining Baladna, Mr. Tynan was employed by Danone Plc., a world-leading food company as Chief Operating Officer of Al Safi Danone and Acting CEO (2013 to 2017). In addition, Mr. Tynan was appointed to the Board of Al Safi Danone Iraq (2015 to 2017).

Previous Middle East positions include Group Consultant for the Al Othman Group, Head of E-commerce and Retail for Arabian Shield Insurance Plc, Chief Sales and Trade Marketing Officer for SADAFICO Plc, Head of Sales for Almarai Plc for 7 years, and in Ireland, Chief Executive Officer of the Irish Greyhound Board and Business Development Manager for Fleming Group.

Mr. Tynan holds a Master's degree in Management from York University in the UK, in addition to being a Graduate of the Chartered Institute of Marketing (UK) and a Graduate of the Marketing Institute of Ireland. Mr. Tynan is currently an Executive Director of 2 Irish property-related companies: Build value Limited and Exhibit side Limited.

Mr. Hamad Bin Abdullah Bin Khalid Al Attiya

Audit Committee Member

Mr. Hamad Bin Abdullah Bin Khalid Al Attiya is a Senior Investment Analyst with overall experience of 13 years in investment, pension funds' investments, corporates and banking, listed equities, local and global portfolios.

He started in Qatar Central Bank in 2007 in the Provision and Control Department as a Bank Monitor and later joined the General Retirement and Social Insurance Authority's Investment Department, where he specialised in investment analyses and covered all local and global portfolios listed equities.

Mr. Al Attiya holds a degree in Business Administration from the University of Wales, UK and is also an HEC Paris Executive Master holder, majoring in Innovation and Social Business.

Mr. Hassan Morad Agha

Member*

Mr. Hassan Morad Agha brings over 25 years of experience in areas of internal audit, internal control, compliance, enterprise risk management, corporate governance, strategy, board-level communication, business advisory, project management and resource management; in different business segments mainly in heavy industries, manufacturing, real estate development, construction, EPC, FMCG, hospitality and logistics.

Mr. Agha worked for Gulf General Investment Co. P.S.C. in the UAE, a public stock company listed on the Dubai Financial Market "DFM". He joined them in 2014 as the Group Head of Compliance and Internal Control, reporting to the Audit Committee and the Board of Directors, in addition to his role as the Company's Secretary, working closely with the Board of Directors.

Prior to that and since 2004, Mr. Agha worked with SENAAT, one of the UAE's largest industrial investment holding companies owned by the Government of Abu Dhabi. He was the Group Internal Audit and Risk Director, reporting to SENAAT's Audit Committee, in addition to being an Audit Committee member at all of SENAAT's Subsidiaries', including 2 public stock companies "Agthia and ARKAN" listed on the Abu Dhabi Securities Exchange "ADX". He was also appointed as an independent Audit Committee member at Khalifa Fund for Enterprise Development.

Mr. Agha holds a degree in Finance and Commerce and is a Certified Internal Auditor (CIA)-USA since November 2002, a Certified Board Secretary (CBS)-UK and a member of the Institute of Internal Auditors (IIA) as well as other professional bodies.

*In compliance with the requirements of Qatar Financial Markets Authority, with regards to the independence of the Audit Committee members, Mr. Hassan resigned as a member of the Audit Committee on 28 December 2022 and the Board of Directors approved the resignation and appointed Mr. Mohammed Badr Al Sada as an Audit Committee member on the same date.

The Chairman of the Audit Committee, Mr. Aidan Tynan, acknowledges responsibility for discharging the Audit Committee's mandate at Baladna including the review of its work mechanism and ensuring its effectiveness in line with the approved charter of the Audit Committee.

During 2022, 6 Committee meetings were held:

Meeting No.	Date	Mr. Aidan Tynan	Mr. Hamad Bin Abdullah Bin Khalid Al Attiya	Mr. Hassan Morad Agha
1/2022	6/3/2022			
2/2022	26/4/2022			
3/2022	3/7/2022			
4/2022	14/8/2022			
5/2022	24/10/2022			
6/2022	28/12/2022			

 Present  Absent

3.2 Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible for the review of Baladna's HR framework and compensation programmes. The Committee issues its recommendations to the Board on the remuneration, allowances and terms of service of the Company's senior executives to ensure they are fairly rewarded for their individual contribution to Baladna. 2 Committee members are Non-Executive Directors of the Board while 1 member is independent from the Board.

The Nomination and Remuneration Committee members are:

Mr. Mohammed Badr Al Sada

Committee Chairman

Mr. Mohammed Badr Al Sada has worked in different sectors including oil and gas, investments and telecommunications. He recently moved to the food sector, where he became the CEO of Hassad Food, which is owned by Qatar Investment Authority and invests only in the food sector.

Mr. Al Sada has been working in the capacity of Chief Executive Officer of Hassad Food since June 2017. Prior to that, he served as the Chief Operating Officer for Vodafone Qatar and Chief of Business Development at the same company. Before that, he worked in a senior role for Qatar Investment Authority. He started his career as an Engineer for one of the major companies in the gas sector in Qatar, spending 2 years in Japan during the development of the Dolphin Energy project.

Mr. Al Sada serves on the boards of several companies. He is the Chairman of Widam Food Company QSC, Board member of Arab Qatari for Poultry Production QSC (Al Waha), Qatar Development Bank and Arab Co. for Livestock Development (ACOLID).

Mr. Al Sada holds a degree in Engineering from the University of Arizona, USA.

Mr. Mazen Alsbeti

Committee Member

Mr. Mazen Alsbeti is an accomplished specialist in the industry, with 23 years of comprehensive and successful experience as an Executive Director, initiating growth policies as a Senior Executive. He has outstanding planning, execution, monitoring and resource balancing skills, with the ability to support multiple projects in a matrix of organisational structure.

Mr. Alsbeti is the main contact person for business stakeholders in providing accurate reporting and information regarding ongoing projects, developing and executing strategies, working and forming relationships with prominent members of the media, government and the public, to uphold a positive image for the Company and generate new business opportunities.

Mr. Murad Sahawneh

Committee Member

Mr. Murad Sahawneh is a senior management executive and a global HR thought leader with progressive and hands-on experience in all functional areas of strategic human resources and digital transformation management. His forward-thinking leadership enables organisations to embrace change and take employee experience to the next level.

Mr. Sahawneh assumes the responsibility of the Group Chief Human Resource Officer at PIH leading the diversified group's HR strategy and making sure that execution is fit for purpose in support of the vision and growth plans.

Mr. Sahawneh holds an MBA degree from the University of Bedfordshire in UK in addition to global HR credentials (SHRM-SCP, GPHR, SPHR, SPHRI) from the world's top HR institutes in the USA.

Roles and Responsibilities

The key objective of the Nomination and Remuneration Committee is to assist the Board in fulfilling its responsibilities regarding the following:

- Ensuring that Independent Non-Executive Directors remain independent on a continuous basis.
- Reviewing the potential for conflicts of interest and judgement, and that there are appropriate safeguards against such conflicts.
- Formulation and annual review of remuneration, benefits, incentives of the Chief Executive Officer and Senior Executives, and that the remuneration and benefits given to senior management are reasonable and in line with Baladna's performance.
- Consideration and submission for Board approval, proposals on remuneration adjustments, performance bonuses, long term incentives etc.
- Driving the performance based remuneration culture within the Company through an annual performance review of Baladna's Senior Executives and succession planning.
- Determination of Baladna's needs for qualified staff at the level of Senior Executives and the basis of selection.
- Review and approve Qatarisation strategy, with a work plan for the strategy and how it will be implemented.

- Reviewing the Remuneration policy and the training policy to encourage the development and growth of Qatari national employees.
- Reporting to the Board on matters that in the Committee's opinion require action or improvement and providing recommendations.
- While it is the Committee's responsibility to exercise independent judgement, it does request advice from management and third-party independent sources as appropriate, to ensure that its decisions are fully informed given the internal and external environment.

The Chairman of the Nomination and Remuneration Committee, Mr. Mohammed Badr Al Sada, acknowledges responsibility for discharging the Nomination and Remuneration Committee's mandate at Baladna, reviewing of its work mechanism and ensuring its effectiveness in line with the approved charter of the Nomination and Remuneration Committee.

During 2022, 2 Nomination and Remuneration Committee meetings were held:

Meeting No.	Date	Mr. Mohammed Badr Al Sada	Mr. Mazen Alsbeti	Mr. Murad Sahawneh
1/2022	2/3/2022			
2/2022	20/4/2022			

 Present  Absent

3.3 Shariah Supervisory Committee

Baladna Q.P.S.C is supervised from a Shariah perspective by a Shariah Supervisory Committee which is appointed by Baladna's Board of Directors. The Committee consists of renowned and qualified Shariah scholars who are independent of the Company and its Board of Directors:

The Shariah Supervisory Committee members are:

Prof. Dr. Sheikh Ali Al Qaradaghi Committee Chairman

Prof. Dr. Sheikh Ali Al Qaradaghi received his PhD with honours in Shari'a and Law from Al Azhar University in the field of contracts and financial transactions in 1980. He is currently a Professor of the Principles of Islamic Jurisprudence at Qatar University, and the Secretary General of the International Union of Muslim Scholars (IUMS). He holds several professional positions including Vice President of the European Council for Fatwa and Research, Chairman of the Board of Trustees of the University of Human Development in Iraqi Kurdistan, President and an Executive member of the Fatwa and Shari'a Supervisory Board for a number of Islamic banks, and insurance companies in the Arabian Gulf and other regions.

He has published more than 30 books and 100 academic papers. He was awarded the State Incentive Award in Islamic Comparative Jurisprudence by the state of Qatar and received the Medal of Pride by the religious administration and the Council of Muftis in Russia.

Dr. Sheikh Walid Bin Hadi

Committee Member

Dr. Sheikh Walid Bin Hadi (Qatari) was educated at the University of Qatar and graduated with a B.A in Shari'a and Usul-Eldeen (1991). He also holds a Master's in Shari'a Law from Omdurman Islamic University (Sudan) in 2002, and a PhD in Shari'a from Imam Muhammad Bin Saud al- Islamiyyah University in Riyadh in 2008.

Dr. Hadi started his career as a Judge at the Shari'a Court in Qatar (1991). He is also a Shari'a Committee member for various organisations including Qatar Islamic Bank, Qatar International Islamic Bank, Bank al-Rayyan, European Finance House (EFH), Solidarity Family Islamic Insurance Co. and Syrian International Islamic Bank. He has published various books and articles on Islamic Faith, Hadith, Usul al-Fiqh, Islamic Economy, Islamic Finance and Shari'a Audit.

Mr. Eyad Abulrahim

Committee Member

Mr. Eyad Abdulrahim brings over 25 years of experience in leading finance departments in the region. He has led major publicly listed companies and family business finance departments and has also assumed board and top management positions within. He has also performed on major regional and international boards of directors. Mr. Eyad has worked with some of the major institutions within the Middle East and GCC including Emaar, The Economic City, Al Futtaim Group Real Estate, Dubai Properties Group, Arabtec Holding, DEPA LTD, Standard Chartered Bank, and Arab Bank. He has led several IPOs in the region in addition to major restructuring, complex money market transactions, and growth responsibilities within his career.

Mr. Abdulrahim is a well-proven leader within the finance community in the MENA region and the GCC in particular. He holds an MBA degree from UOWD and a degree in Accounting and Finance.

The Committee is responsible for assisting the Board in fulfilling its responsibilities related to monitoring the compatibility of the Company's financial statements with the provisions and the application of Islamic principles, and ensures that all of Baladna's Islamic banking products, services and operations are in compliance with the Shariah principles.

The Committee is also responsible for the following:

- Providing Islamic advice and guidance at the request of the Company's management.
- Reviewing the statutory auditors reports and ensuring their application with the rules of Islamic principles and submitting a report to the Board of Directors on this matter.
- Determining whether the contracts and transactions offered to them are compatible with Islamic Shariah.
- The Committee submits its periodic reports on the results of its work, and its recommendations to the Board of Directors for approval.

The Chairman of the Shariah Supervisory Committee, Pr. Dr. Sheikh Ali Al Qaradaghi, acknowledges responsibility for discharging the Committee's mandate at Baladna, reviewing its work mechanism and ensuring its effectiveness in line with the approved Committee charter.

During the 2022 financial year, the Shariah Supervisory Committee held 2 Shariah Supervisory Committee Meetings:

Meeting No.	Date	Pr. Dr. Sheikh Ali Al Qaradaghi	Dr. Sheikh Walid Bin Hadi	Mr. Eyad Abulrahim
1/2022	6/3/2022	☒	☒	☒
2/2022	3/12/2022	☒	☒	☒

☒ Present ☐ Absent

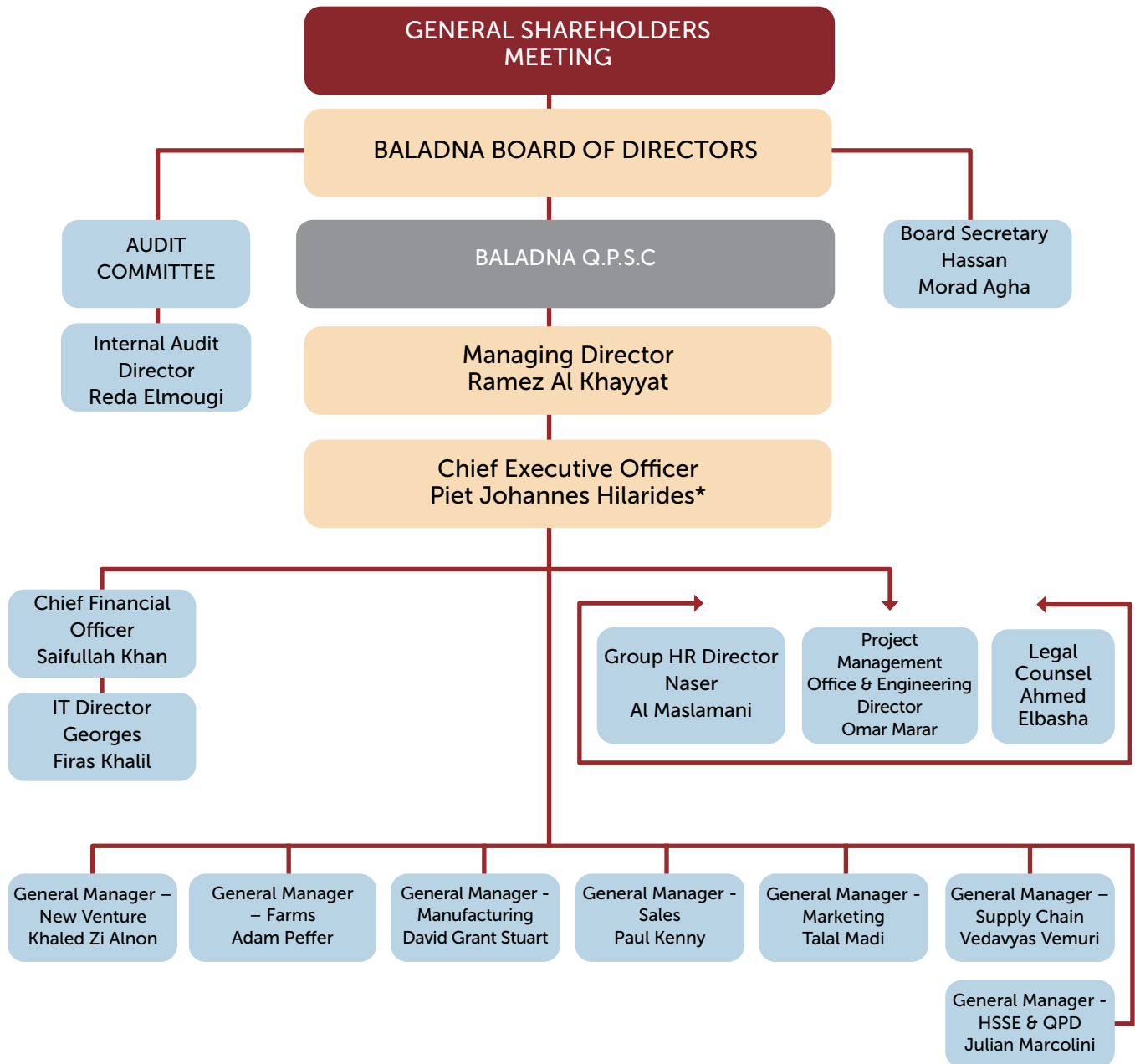
3.4 Delegation of Authority

The Board is and shall remain responsible for the overall governance of the Company and for those matters that are reserved for the Board. The Board provided the Chairman and Vice Chairman with powers and authorities on behalf of the Board with the right of delegation. The Board, under Special Power of Attorney, delegated key authorities to the Managing Director such as:

1. Manage the Company and its subsidiaries' operations.
2. Represent and manage the Company and its subsidiaries in all transactions and documents before the Government.
3. Sign all contracts and agreements on behalf of the Company inside and outside of Qatar.
4. Represent the Company in any manufacturing and/or distribution deals.
5. Represent the Company before the banks for opening and closing accounts, applying for loans and financial facilities, and signing LCs, bank guarantees, and other bank documents.
6. Incorporate companies and branches within Qatar and abroad and sign their Articles of Association.

In pursuance of the special powers and authorities delegated to the Managing Director, who in turn delegates decision-making and approval authorities to the management as specified in the Authority Matrix approved by Board, the Delegation of Authority framework and policy was established to define the limits of authority designated to specific positions of responsibility within the Company. The Authority Matrix ensures efficient and effective decision-making which balances empowerment against controls.

4. Macro Organisational Chart



*On 19 January 2023, Mr. Piet Hilarides resigned from his position as Chief Executive Officer, and Mr. Malcolm Jordan was appointed as Chief Executive Officer

5. Executive Management

5.1 Executive Managements' Profiles



Mr. Piet Hilarides
Chief Executive Officer

Mr. Piet Hilarides is a seasoned business professional with over 30 years of experience in FMCG. His last role was President APAC for Perfetti Van Melle, a global leader in the confectionery industry. The largest part of his career was dedicated to working at Royal Friesland Campina, latest as a board member with operational responsibility for Asia and before that the cheese, butter and milk powder business unit.

Throughout the main part of his career, Mr. Hilarides has been responsible for all business functions including upstream and downstream value chains. Mr. Hilarides can be described as an FMCG expert with extensive European, African and Asian experience in both B2C and B2B. He is skilled in developing strategies and implementing them. His continuous improvement drive and 'can do' mentality increases business's level of professionalism and secures structural improvement.

*On 19 January 2023, Mr. Piet Hilarides resigned from his position as Chief Executive Officer, and Mr. Malcolm Jordan was appointed as Chief Executive Officer



Mr. Saifullah Khan
Chief Financial Officer

Mr. Saifullah Khan is responsible for the strategic management of Baladna's financial functions. He has considerable experience in scaling financial operations and organisational restructuring and has a strong track record in delivering improved financial performance, productivity and governance.

Mr. Khan's career has spanned a range of sectors including construction, manufacturing and dairy, and he has served in senior level financial positions with a range of multinational companies such as NLC Pakistan and Qatar Power Construction.

Mr. Khan holds a Bachelor's degree in Accounting, a Master's degree in Finance and CPA certification.



Mr. Paul Kenny
General Manager - Sales

Paul Kenny is an accomplished Senior Commercial and Marketing Executive with 30 years' experience in Major International and Regional FMCG companies. Specializing in business turnarounds and building local and international brands, the last 20 years have been spent within the GCC working with all major dairy players, most recently Al Safi Danone, Nadec, and Almarai. He has extensive experience in managing complex integrated businesses, developing and executing new route to market models, and creating fully integrated 360-degree brand campaigns.

Paul possesses a process-driven approach to formulating customized strategies, particularly in underperforming business units, by leveraging a unique ability to enhance profitability through effective people management. Results-driven with an excellent understanding of diverse business processes, delivering on deadline, exploring and expanding new markets, and generating sustainable growth.

A motivational leader recognizes the value of people performance supported by effective processes and systems, with clearly defined KPIs, gap analysis, training, and development.

Paul holds a Graduateship of Marketing from the Marketing Institute of Ireland.



Mr. Adam Douglas Pepper
General Manager – Farms

Mr. Adam Douglas Pepper is responsible for managing all farms, which includes planning, developing and implementing policies, procedures, and practices for the operation of dairy farms to ensure compliance with the Company's standards for farm production.

Mr. Pepper has over 22 years of experience in farm management in conjunction with business management in setting and achieving production and financial targets.



Mr. David Stuart
General Manager – Manufacturing

Mr. David Stuart leads the manufacturing and plastics operations at Baladna and brings more than 3 decades of experience working in the food industry, including over 15 years in the GCC, covering FMCG, foodservice and ingredients. Prior to joining Baladna, Mr. Stuart held senior operational roles with Almarai Company.

Mr. Stuart has qualifications in Engineering and Manufacturing Operations and holds a Certificate in Leadership Development from IMD in Switzerland.



Mr. Khaled Zialnon
General Manager – New Ventures

Mr. Khaled Zialnon's main role at Baladna is driving business growth and business diversification strategy to increase Baladna Food Industry's geographical footprint in the international market from Business concept to Business implementation, through M&A and FDI transactions.

Prior to this post, Mr. Zialnon has led Baladna's massive expansion as General Manager-Supply Chain overseeing all activities aimed to implement, develop and manage the end-to-end supply chain function across Baladna Food Industry by introducing e-modules, workflow process and top industry SOP's, moving the supply chain function to the next level of efficiency.

Aside from being a passionate team leader, with his professional and intensive experience in procurement and supply chain functions, he identified the needs and developed talented individuals to handle the requirements of the business. Throughout his management Mr. Zialnon mentors and motivates the team, to achieve the Company's strategic objectives.



Mr. Nasser Al Maslamani
HR Director

Mr. Nasser Al Maslamani, holds an MBA from Henley Business School. He brings with him an array of experience from key sectors, ranging from the energy sector, financial sector, sports sector and the tourism sector.

Prior to joining Baladna Mr. Al Maslamani served as the Director of Planning and Quality for Qatar Tourism where he was responsible for the tourism strategy, corporate planning and quality assurance. Prior to that he was the Human Resources Director in Qatar Stars League and previously to that he was the Project Manager in Qatar Financial Centre Authority and was one the founders of The Qatar Finance and Business Academy in his tenure. His career originated within the energy sector working as part of the world's leading supplier of LNG Qatar Gas.


Mr. Julian Marcolini

General Manager - Quality, Product Development, Health and Safety, Security and Environment

Mr. Julian Marcolini joined Baladna Food Industries as General Manager Quality, Product Development, Health and Safety, Security and Environment.

Mr. Marcolini is an accomplished senior management professional, with more than 20 years' experience in the areas of quality, food safety, manufacturing, supply chain and continuous improvement.

Mr. Marcolini has worked in the Middle East for the last 12 years for Almarai and has held several senior positions including Group Head of Quality and Head of Supply Chain for Almarai Infant Nutrition.

Mr. Marcolini holds a Master's degree in Business Administration from The University of Warwick and a degree in Food Science Management from The University of Salford and holds a Certificate in Leadership Development from IMD, Switzerland.


Mr. Firas Khalil

Information Technology Director

Mr. Firas Khalil is one of the founding team members at Baladna and has been instrumental in the development of information systems at the Company. He has led the digital transformation at Baladna with the implementation of SAP across business functions.

Prior to joining Baladna, Mr. Khalil worked with a number of leading IT services providers in France including Automotive Valeo, Dassault, and EDF Energy.

Mr. Khalil holds a Master's degree in ERP Project Management from EI-CESI, Paris, and a Bachelor's degree in Mechanical and Production Engineering from Paris XI University.


Mr. Omar Marar

Project Management Office and Engineering Director

Mr. Omar Marar is responsible for construction and engineering projects at Baladna. As a professional risk and claims expert, he has oversight of Baladna's project life cycles including all aspects of planning, programming, tendering, and progress monitoring. Mr. Marar has over a decade of experience in strategic planning and project control and analysis, contributing to the successful delivery of major construction projects across the Middle East, Africa and Europe.



Mr. Vedavyas Vemuri
General Manager – Supply Chain

Mr. Vedavyas Vemuri's main role as the Chief Supply Chain Officer provides strategic support and direction for all supply chain initiatives to achieve the organisation's operational and financial objectives. He leads, develops, directs and implements the best supply chain, warehousing and logistic practices within budget.

Mr. Vedavyas is an experienced Operations and Technical Business leader with a good track record in multinational companies like Cadbury, Unilever, Perfetti Van Melle, Friesland Campina and Fonterra with both regional and country roles. He was the Operations Director for Fonterra. He has 11 years proven result-orientated experience in foods – dairy, 11 years in chocolate and confectionery, 1 year in beverages, and nearly 5 years in pharmaceuticals delivering the P&L responsibility at a gross margin level to the key accounts and distributors.

He has handled the entire supply chain for more than 25 years at a management team level in 7 countries – India, Thailand, Malaysia, Vietnam, Indonesia, China and Nigeria.



Mr. Talal Madi
General Manager – Marketing

Mr. Talal Madi is an accomplished professional with 23 years of experience in marketing and management across diverse organisations. Distinguished for setting up departments and spearheading operations to profitability utilising managerial acumen and financial prudence.

Mr. Madi is skilled in implementing strategic initiatives, developing of market penetration techniques, brand creation, and has a proven track record in increasing sales and growth while leading operational improvements to drive productivity and reduce costs. Highly focused and pragmatic, he excels in dynamic, demanding and challenging environments.

Mr. Madi has broad experience in marketing, sales, business development and planning, revenue generation, product/brand management and market analysis in companies like Philip Morris International, Leo Burnett and McCann Erickson in the Gulf region, Africa and Europe.

Mr. Madi is a strong believer in marketing that is aligned with business goals, creating differentiation based on strong insights leading to bottom-line gains.



Mr. Ahmed El Basha
Legal Counsel

The position of Legal Counsel for Baladna is occupied by Mr. Ahmed El Basha. He joined the Company in 2019 and was a key participant in the establishment and listing of the Company. His professional career began as a freelance lawyer and a member of the Arab Lawyers Union, then he obtained a diploma in International Arbitration. Mr. El Basha has more than 15 years of professional experience. Prior to joining Baladna, he worked as a Legal Advisor to GMC Investments Company (Arab Republic of Egypt), Legal Advisor to a CIB company (Arab Republic of Egypt), and Shareholder Affairs Officer for Salam International Investment Company SIIL (Qatar).

Mr. El Basha holds a Bachelor of Laws degree from Beni Suef University (Arab Republic of Egypt).

5.2 Executive Committee

The Executive Committee is composed of senior executives of Baladna, is responsible for the management of the business and meets on a regular basis. The Committee members report to the Chief Executive Officer. The prime role of the Executive Committee is to review business performance, and organisational and operational matters, set strategies/ initiatives and monitor their successful execution, and review essential business KPIs, and progress on key projects, etc.

5.3 Compensation for the Key Management Personnel

	For the year ended 31 December 2022 QR
Salary, bonus and other allowances	13,792,323
Leave salary expenses	682,663
Air ticket expenses	620,001
End of service benefits	497,718
Total compensation of key management personnel	15,592,705

The Company did not provide any cash loans, guarantee or credits to any of the CEO and members of the executive management during the year ended 31 December 2022.

6. Insider Trading

One of the main responsibilities of the Board of Directors is to ensure proper governance is applicable at Baladna for insider trading. An Insider Trading policy has been approved by the Board of Directors to ensure the highest level of integrity, transparency and disclosure. These rules are binding upon members of the Board, management of the Company and its employees, with the following obligations:

- Members of the Company's Board of Directors, as well as senior executives and major shareholders or controlling shareholders, are obliged to disclose the number of shares they hold within 15 days of their membership, as well as at the end of each financial year, and all trading by the Company's Board members, its executive management and, in compliance with the laws, the regulations and instructions issued in this regard.
- The Chairman, members of the Board of Directors with listed securities in the market, its General Manager or any employees who are familiar with the Company's material information, are prohibited from trading in the market, whether by himself, or in any other capacity, for the account of third parties in the securities of the same company, the parent company, subsidiary sister or ally of that Company, if any of these companies are listed on the market, during the prohibition periods stipulated in the applicable laws and regulations.
- The Company is obliged to disclose information about the dealings of insider persons and their relatives in securities issued by the Company, parent company, subsidiaries or sister companies, including members of the Board of Directors in accordance with the regulations, laws and instructions issued in this regard through the preparation of a special and integrated register for all insider persons, including those who may be considered temporarily insider persons and who have access to the Company's internal information prior to publication. The register also contains prior and subsequent disclosures of insider persons.
- Board members and any insider employees shall not use confidential information that may affect the price of securities for personal gain and any such act or transaction shall be null and void.

7. Internal Control

Baladna's system of internal control aims to ensure that the Board and management are able to fulfil the Company's business objectives. An effective internal control framework contributes to safeguarding the shareholders' investment and the Company's assets. The objective of Baladna's internal control framework is to ensure that internal controls are established; that policies and procedures are properly documented, maintained and adhered to, and are incorporated by the Company within its normal management and governance processes.

In accordance with the requirements set out in the Governance Code for Companies and Legal Entities Listed on the Main Market Issued by the QFMA's Board, pursuant to Decision No. (5) of 2016, management performs an ongoing process of identifying, evaluating and managing the risks faced by Baladna and establishes and maintains effective controls for the risks identified, including those over financial reporting.

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

Management has assessed the adequacy of design and the operating effectiveness of the Company's internal controls over financial reporting as of 31 December 2022. Based on the assessment, management has concluded that the internal controls over financial reporting are adequately designed and operating effectively with no material weaknesses identified.

Baladna's operating policies and procedures are considered to be adequate and effective, while recognising that such a system is designed to mitigate rather than eliminate the risk of failure to achieve business objectives and can provide reasonable but not absolute assurance against material misstatement or loss.

The Board of Directors acknowledges its responsibility for Baladna's internal control framework. The Board has delegated responsibility for oversight of the Internal Audit department (IAD) to the Audit Committee. The Head of Internal Audit is appointed by the Audit Committee. The Audit Committee reviews the effectiveness of the IAD function.

The objective of the IAD function is to provide independent assurance and consulting services using a disciplined systematic approach to improve the effectiveness of risk management, internal control, compliance and governance process, and the integrity of Baladna's operations. The function is also responsible for monitoring the compliance of the Company and its employees with the law, regulations and resolutions, as well as internal policies and procedures. Baladna's IAD functions are governed by a charter which sets out the purpose, authority and responsibility of the function, in addition to Baladna's Internal Audit Procedural manual.

During the period from 1 January to 31 December 2022, no significant operational internal control failures were identified. However, process level improvements were identified by the IAD and accepted by management for implementation towards the continuous improvement of Baladna's internal controls. On an ongoing basis, the Audit Committee monitors the progress that management has made with respect to remedial actions taken on issues and findings raised by the IAD.

Mr. Reda El Mougi is the Internal Audit Director reporting to the Audit Committee.

Qualifications:

Bachelor's degree in Auditing and Accounting, a Certified Internal Auditor (CIA), and Risk Management Assurance and other professional certificates.

8. Risk Management

Risk management is integral to Baladna's strategy and to the achievement of our long term goals. The Board has established a risk and control structure designed to manage the achievement of strategic business objectives. In doing so, we take an embedded approach that places risk management at the core of the leadership team agenda, which is where we believe it should be.

The Board provides oversight of Baladna's risk management strategy and has the overall responsibility for setting the Company's risk appetite. Risk appetite guides the Company in determining the nature and extent of risk it would ordinarily accept, while executing the business model for creating sustainable shareholder value.

Baladna accepts and applies a moderate risk appetite as it seeks a balanced management of opportunities for sustained business growth along with focused identification and exploitation of opportunities generated through its business. The Audit Committee oversees compliance with risk management processes and the adequacy of risk management activities related to Baladna's operations. In addition, management reviews the risk appetite and makes recommendations to the Board through the Audit Committee and actions required to ensure adequate controls/mitigating actions are in place against key identified risks. The Company applies a structured and robust Enterprise Risk Management approach whereby the risk management process is implemented in defined steps – Identify, Assess, Prioritise, Mitigate, Monitor and Report.

9. External Auditors

The appointment and remuneration of the external auditors was approved by the General Assembly meeting of Baladna held on 20 April 2022. The shareholders appointed Moore Stephens and Partners Certified Public Accountants – 'Qatar' as the external auditors for the year 2022 for a professional fee of QR 291,000, in accordance with the provisions of Article 141 of the Companies Law.

Moore Stephens and Partners is a multinational professional services firm headquartered in the United Kingdom. It is one of the recognised audit firms and has been the only external auditor of the Company since it was listed on the Qatar Exchange, since their appointment at the Constitutive General Assembly meeting held on 26 November 2019. Mr. Fathi Abu Farah is the partner issuing the Independent Auditors' Report.

There have been no qualified opinions reported by our external auditors on Baladna's interim semi-annual and annual consolidated financial statements as at 31 December 2022. Please refer to the Independent Auditors' Report in the Financial Statements for further details.

10. Corporate Social Responsibility (CSR)

Baladna's approach to Corporate Social Responsibility centres on the idea of creating shared value for all of its stakeholders through economic, environmental and social actions. Accordingly, the CSR programme has 4 pillars: Community, Workplace, Nutrition and Wellbeing, and Environment and Sustainability. At Baladna, the heart of the shared value concept rests on the ability of a company to create private value and to transform this into public value for the society.

The total amount spent during the period from 1 January to 31 December 2022 on CSR initiatives was QR 16,567,213. One of the key initiatives or sponsorships during the period was the support of the Social and Sports Activities Fund.

11. Protection of Shareholders and Stakeholders Rights

Baladna is committed to protecting shareholders' and stakeholders' rights in accordance with the required bylaws, regulations and as part of its corporate governance framework. To accomplish this, Baladna exercises diligence and care in conducting all its operations, including effective and efficient use of resources to maximise shareholder benefits.

Baladna ensures that all shareholders are entitled to their rights fairly and equally and that they are protected against any violation to those rights. To ensure that shareholders' assets are protected against any misuse that may occur from the Board of Directors, executive management or relevant stakeholders, Baladna maintains a robust Shareholders' and Stakeholders' Rights policy.

12. Dealing with Rumours

Baladna has a policy for disclosure and communication that includes a policy for dealing with rumours. The charter of the Board of Directors also stipulated the appointment of an official spokesperson for the Company, who was responsible for making official statements, responding to rumours and all enquiries, as well as providing the correct information to the public.

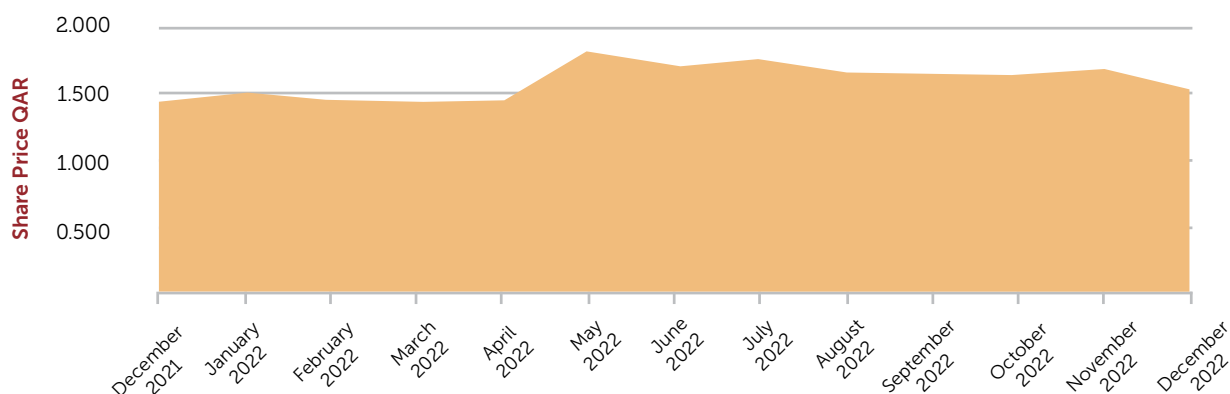
13. Ownership Structure and Share Performance

Share Performance

Baladna share price at the end of each month in 2022 compared with the market and industry index:

Month	Year	Closing Price QAR	Max Price QAR	Min Price QAR	AVG Price QAR	Market Index	Sector Index
January	2022	1.500	1.569	1.431	1.518	12,498.20	8,507.80
February	2022	1.468	1.520	1.408	1.474	12,948.75	8,554.88
March	2022	1.445	1.519	1.444	1.471	13,533.16	8,570.01
April	2022	1.465	1.775	1.373	1.619	13,590.81	8,692.19
May	2022	1.820	1.820	1.435	1.707	12,919.43	8,494.81
June	2022	1.698	1.870	1.426	1.704	12,191.30	8,483.78
July	2022	1.760	1.795	1.514	1.714	13,370.03	8,612.73
August	2022	1.680	1.850	1.620	1.728	13,425.60	8,982.16
September	2022	1.660	1.700	1.545	1.634	12,695.27	8,692.46
October	2022	1.656	1.709	1.566	1.663	12,414.41	8,683.23
November	2022	1.691	1.790	1.605	1.729	11,925.98	8,244.32
December	2022	1.531	1.695	1.525	1.586	10,681.07	7,915.13

Baladna Share Price



Shareholder Information

Share Distribution as of 31 December 2022

	National		GCC		Arab		Foreign		Total	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Individual	1,157,353,392	60.882%	952,323	0.050%	25,858,546	1.360%	9,793,852	0.515%	1,193,958,113	62.807%
Companies	448,672,793	23.602%	7,515,204	0.395%	583,000	0.031%	51,799,003	2.725%	508,570,000	26.753%
Governments	198,298,387	10.431%	-	0.000%	-	0.000%	-	0.000%	198,298,387	10.431%
Institutions	173,500	0.009%	-	0.000%	-	0.000%	-	0.000%	173,500	0.009%
Total	1,804,498,072	94.924%	8,467,527	0.445%	26,441,546	1.391%	61,592,855	3.240%	1,901,000,000	100.000%

Shareholders owning 5% or more shares

Shareholder	Number of Shares as of 31 December 2022	%
Mr. Mohamed Moutaz Al Khayyat	237,475,000	12.492%
Mr. Ramez Al Khayyat	237,485,000	12.493%
General Retirement and Social Insurance Authority (GRSIA)	163,810,951	8.617%
Total	638,770,951	33.602%

Share distribution based on the size of ownership as of 31 December 2022

Ownership of Shares	No. of Shareholders	Shares owned	Shares as a percentage of Capital
Less than 50,000 Shares	29,990	200,081,828	10.525%
50,000 - less than 500,000 Shares	1,615	167,152,414	8.793%
500,000 - less than 5,000,000 Shares	140	182,853,608	9.619%
More than or equal 5,000,000 Shares	32	1,350,912,150	71.063%
Total	31,777	1,901,000,000	100.000%

14. Shareholders' Register

On a monthly basis Baladna receives updates on its shareholders register from Qatar Central Securities Depository (QCSD). Furthermore, Baladna sends updates on its list of insiders to QCSD regularly and/or whenever it gets updated.

15. Investor Relations

To comply with Qatar Exchange rules and controls over investor relations for listed companies, Baladna has implemented the following:

- Appointment of an Investor Relations Officer. Mr. Asanka Kumara was appointed as the Investor Relations Officer in addition to his role as Baladna's Accounting Manager. The following are his contact details:
E-mail: a.kumara@baladna.com
Phone: +974 5044 9703

- Maintenance of effective communication with the shareholders: Baladna regularly announces its results to QFMA, Qatar Exchange and shareholders by way of interim statements, quarterly, semi-annual and annual results. Significant matters relating to share trading or business development are disclosed to QFMA, QE and the general public by way of market disclosures and announcements in accordance with the related provisions of applicable laws and regulations, in addition to press releases and postings on Baladna's website.

Furthermore, Baladna's investor relations function includes:

- Quarterly conference calls on financial results with the investment community.
- Responding to enquiries from shareholders through Baladna's investor relations function.
- Meetings between investors, analysts and senior management.
- Regular investor conferences organised by the investment community.
- A section dedicated to investors on Baladna's website, which comprises of annual reports, quarterly results, corporate governance report, analyst coverage, investor presentations, share price and dividend information. ([https:// baladna.com/investor-relations/](https://baladna.com/investor-relations/))

The Company uses the above link to update and publish information and data that has already been disclosed, in addition to other information related to the Company and its shareholders.

16. General Assembly Meeting

1. Baladna held its General Assembly meeting on 20 April 2022, and the following decisions were taken:
 - The General Assembly approved the Chairman's report on the Company's activities and the financial position for the financial year ended 31 December 2021 and discussed the Company's future business plan.
 - The General Assembly approved the External Auditor's report on the Company's Financial Statements for the year ended 31 December 2021.
 - The General Assembly approved the Company's consolidated and audited financial statements, for the financial year ended 31 December 2021, including the profit and loss, and balance sheet statements.
 - The General Assembly approved the proposal of the Board of Directors to distribute dividends at a rate of 5.3% of the nominal value of the share for the year ended 31 December 2021.
 - The General Assembly approved discharging members of the Board of Directors from any liability relating to their directorship duties and responsibilities for the financial year ended 31 December 2021 and approved the Board's recommendation to award bonuses to the Board members for the financial period ended 31 December 2021.
 - The General Assembly approved the appointment of Moore Stephens as the Company's Auditors for the financial year 2022 and approved their fees as per the Board's recommendation.
 - The General Assembly approved the Company's Corporate Governance Report for the year 2021 and approved the Annual Report for the year ended 31 December 2021.
2. Baladna held an Extraordinary General Assembly on 20 April 2022, where the proposed amendments to the Company's Articles of Association were approved to comply with the provisions of Law No. 8 of 2021 amending the provisions of Commercial Companies Law No. 11 of 2015.
3. Baladna held an Extraordinary General Assembly on 4 December 2022, where it was approved that Baladna Food Industries W.L.L., wholly owned by Baladna Q.P.S.C., acquired 75% of E-Life Detergent Factory W.L.L.

17. Whistleblowing

Baladna maintains robust guidelines, channels, safeguards and protection mechanisms to encourage whistleblowing in Baladna. The Whistleblowing policy at Baladna encourages employees to raise genuine concerns within the Company without fear of reprisals, rather than overlooking a problem. The Whistleblowing policy at Baladna provides guidelines on the whistleblowing concept and sets minimum standards for these matters within Baladna to ensure that any such cases reported by the employees in good faith are properly dealt with. Thus, the objective of this policy is to provide employees with a channel for whistleblowing, to ensure that appropriate action is taken on a timely basis and to ensure that Baladna's reputation is maintained.

Generally, this misconduct is a violation of law(s), rule(s) and regulation(s): fraud, bribery, health and safety violations, corruption and/or a direct threat to public interest. Whistleblowing encourages employees to report wrongdoings or violations that they are aware of or have suspicions or concerns about, to earmark the responsible and designated internal authority within Baladna, so that appropriate action can be taken immediately to resolve the problem. Furthermore, it serves to minimise the Company's exposure to reputational or financial damage that may occur when employees circumvent internal mechanisms and demonstrates to employees and stakeholders that Baladna is serious about adherence to its Code of Conduct.

18. The Company's Irregularities and Violations

Baladna's Board of Directors and its top management are keen to implement all rules and regulations outlined in the Corporate Governance Code for the companies and legal entities listed on the main market issued by Qatar Financial Markets Authority and Commercial Companies Law No. (11) for 2015 and its amendments.

From 1 January 2022 to 31 December 2022, no fines or material penalties were imposed on the Company by the Qatar Financial Markets Authority or any other legal authority. The Company was however summoned on 23 November 2022 for the following violations:

- A violation of Article 6 of the Corporate Governance Code, since less than a third of the current Board is independent.
- A violation of Article 18 of the Corporate Governance Code, as one of the members of the Audit Committee is not a member of the Board of Directors.

The Company justified in the investigation that the Company's Board of Directors is the first Board appointed by the founders and in coordination with many official authorities, including the Qatar Financial Markets Authority and the Ministry of Commerce and Industry. The formation of the Board of Directors is also in accordance with the provisions of the Articles of Association of the Company (Articles 29 and 30), where the Board was formed with 7 seven members as follows: 3 members appointed by the founders, 3 members appointed by the Government of Qatar, and an Independent member agreed upon between the State and the founders.

The Qatar Financial Markets Authority issued a warning to Baladna for violating the provisions of Article 18 of the Corporate Governance Code related to the independence of the Audit Committee members. The situation was rectified immediately, as Mr. Hassan Murad Agha, member of the Audit Committee, submitted his resignation and the Board of Directors approved it. The Audit Committee was reconstituted from among the members of the Board of Directors on 28 December 2022.

There are no major lawsuits against the Company that affect the Company's activities, financial performance or share price in any way.

19. Conflict of Interests and Code of Conduct

The Company adopts a policy that ensures the confidentiality and integrity for any reports of illegal actions relating to employees and general performance measures, which are clarified in Baladna's Code of Conduct. The Code includes the expected behaviour of employees, particularly regarding compliance with laws and regulations.

Employees must avoid conflicts of interest, particularly in commercial transactions, business administration and activities, using the Company's assets, records and information, and relationships with related parties outside the Company. No employee may accept or request gifts or bribes, loans or bonuses, prizes or commissions. The Company is resolved to combat all forms of conflicts of interest in addition to other matters.

Furthermore, the Company complies with Articles 108, 109, 110 and 111 of the Commercial Companies Law No. 11 for 2015 and its amendments that states the following:

- The Chairman or a Board member may not participate/engage in any business that competes with the Company's business, or may not be involved, either on his/her own behalf or on others' behalf, in any type of business or activities in which the Company is engaged, otherwise the Company is entitled to ask him/her for compensation or take the ownership of the activities he/she is engaged in.
- The Chairman, a Board member or a Director is not permitted to practice any activity that is similar to the Company's activities, or to have any direct or indirect interest in contracts, projects and covenants made in favour of the Company.
- The Company may not offer a cash loan of any kind to any member of its Board of Directors or to guarantee any loan held by one of them with others or make an agreement with banks or other credit companies to lend money to any of the Board members, or open a facility or guarantee a loan with other parties beyond the terms and conditions set by the Central Bank of Qatar. Agreements beyond the provisions of this Article will be considered null and void, and the Company retains its rights to request compensation, when necessary, from the offending parties.
- It is prohibited for the Chairman and the Board members or the Company's staff to take advantage of any information delivered to his/ her knowledge by virtue of his/her membership or position for the benefit of him/ herself, his/her spouse, his/her children or any of his relatives to fourth degree either directly or indirectly, as a result of dealing in company securities of the Company. Nor may they have any interest, directly or indirectly, with any entity conducting operations intended to make a change in the securities prices issued by the Company. This ban stays in effect for 3 years after the expiry of the person's membership on the Board of Directors or the expiry of his work at the Company.

20. Related Party Transactions

Sales and Purchases

			For the year ended 31 December 2022	
Related Party	Relationship	Nature of the Transaction	Sales	Purchases
			QR	QR
Yemek Doha Catering Services W.L.L.	Related Party	Dairy and juice sales	23,634,553	-
Aura Hospitality W.L.L.	Related Party	Brand income from restaurant / dairy and juice sales	5,724,417	-
Widam Food Company Q.P.S.C.	Related Party	Livestock sales	4,736,762	-
Elegancia Landscape W.L.L.	Related Party	Compost sales/landscaping services	1,661,178	681,231
Aura Entertainment W.L.L.	Related Party	Brand income from Park / dairy and juice sales	1,204,903	-
Urbacon Trading and Contracting W.L.L.	Related Party	Dairy and juice sales/camp and warehouse rentals	999,969	18,512,949
Sazeli Restaurant W.L.L.	Related Party	Dairy and juice sales	812,611	-
Orient Pearl Restaurant W.L.L.	Related Party	Dairy and juice sales/catering services	256,122	8,260
Damasca Restaurant W.L.L.	Related Party	Dairy and juice sales	229,131	-
Urbacon Plant, Machinery and Vehicles (A Branch of Urbacon Trading and Contracting Company W.L.L.)	Related Party	Equipment rental income/ equipment rental expenses	140,611	1,380
Elegancia Group W.L.L.	Related Party	Business trip expenses	29,878	-
Power International Holding W.L.L.	Related Party	Dairy and juice sales/camp and warehouse rentals	-	15,347,914
Joury Tour & Travels W.L.L.	Related Party	Staff tickets and business travel expenses	-	3,581,462
Stark Security W.L.L.	Related Party	Security services	-	2,145,610
Printshop for Printing Services W.L.L.	Related Party	Printing services	-	236,547
Elegancia Hospitality Services W.L.L.	Related Party	Staff accommodation services	-	116,790
Elegancia Steel Trading W.L.L.	Related Party	Supply of small tools and equipment	-	70,200
Credo Trading Company W.L.L.	Related Party	Chemical supplies	-	1,816,764
Assets Real Estate Development Co. WLL	Related Party	Staff accommodation services	-	87,896
Aalaf Qatar W.L.L.	Related Party	Purchase of feed Items	-	926,570
General Pension and Social Security Authority	Related Party	Employee pension	-	179,967
			39,430,135	43,713,540

Capital Expenditure

Related Party	Relationship	Nature of Transaction	For the year ended
			31 December 2022 (QR)
Urbacon Trading and Contracting W.L.L.	Related Party	Construction work	25,985,757
Elegancia Electromechanical Services W.L.L.	Related Party	Supply and installation of utilities	5,610,213
Joury Tour & Travels W.L.L.	Related Party	Traveling expenses of consultants relating to plant under construction	951,126
Retaj Baywalk Residence W.L.L.	Related Party	Accommodation expenses of consultants relating to plant under construction	56,000
			32,603,096

Due From Related Parties

Related Party	Relationship	As at 31
		December 2022 (QR)
Yemek Doha Catering Services W.L.L.	Related Party	9,197,873
Aura Hospitality W.L.L.	Related Party	7,612,751
Elegancia Landscape W.L.L.	Related Party	4,868,215
Urbacon Trading and Contracting W.L.L.	Related Party	3,942,427
Aura Entertainment W.L.L.	Related Party	2,164,503
Widam Food Company Q.P.S.C.	Related Party	1,449,396
Sazeli Restaurant W.L.L.	Related Party	704,466
Printshop for Printing Services W.L.L.	Related Party	309,620
Damasca Restaurant W.L.L.	Related Party	142,506
Urbacon Plant, Machinery and Vehicles (A Branch of Urbacon Trading and Contracting Company W.L.L.)	Related Party	127,168
Retaj Baywalk Residence W.L.L.	Related Party	92,000
Orient Pearl Restaurant L.L.C.	Related Party	68,695
Elegancia Group W.L.L.	Related Party	29,878
		30,709,498

Due to Related Parties

Related Party	Relationship	As at 31 December 2022 (QR)
Elegancia Electromechanical Services W.L.L.	Related Party	3,301,774
Joury Tour & Travels W.L.L.	Related Party	564,327
Credo Trading Company W.L.L.	Related Party	211,786
Elegancia Steel Trading W.L.L.	Related Party	167,785
General Pension and Social Security Authority	Related Party	30,720
Others	Related Party	5,825
Assets Real Estate Development Co. W.L.L.	Related Party	1,066
		4,283,283

21. Significant Events during 2022

- Final dividend declaration of QR 101 million in April 2022 (QR 0.053 per share).
- Successfully launched 15 new SKUs across all categories/channels and increased market share in major category.
- Start building the methane abatement project with Global Carbon Council.
- Fully installed and commissioned new affluent treatment plant, which includes a biogas reactor.
- Completed majority of the construction works of the evaporated milk plant, and production is expected to start in the first quarter of 2023.
- Acquiring 75% of E-Life Detergent Factory WLL.

Directors' Report on Internal Controls Over Financial Reporting (ICOFR)

Assessment Report on Internal Controls Over Financial Reporting:

The Board of Directors of Baladna (Q.P.S.C.) ("the Company") is responsible for establishing and maintaining adequate internal controls over financial reporting ("ICOFR") as required by Qatar Financial Markets Authority ("QFMA"). Our internal controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements for external reporting purposes in accordance with International Financial Reporting Standards (IFRS). ICOFR also includes our disclosure controls and procedures designed to prevent misstatements.

We have conducted an evaluation of the design, implementation and the operating effectiveness of internal controls over financial reporting, as of 31 December 2022, based on the framework and the criteria established in Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organisations of the Treadway Commission ("COSO").

We have covered all the material aspects of the business in its assessment of internal controls over financial reporting as of 31 December 2022, for the period from 1 January 2022 to 31 December 2022.

The Company's statutory auditor, Moore Stephens and Partners Certified Public Accountants (Moore), Qatar, has issued a reasonable assurance report on our assessment of ICOFR.

1. Risks in Financial Reporting

The main risks in financial reporting are that either financial statements do not present a true and fair view due to unintentional or intentional errors (fraud) or the publication of financial statements is not done on a timely basis. A lack of fair presentation arises when one or more financial statement amounts, or disclosures contain misstatements (or omissions) that are material.

Misstatements are deemed material if they could, individually or collectively, influence economic decisions that users make based on the financial statements.

To restrain those risks of financial reporting, Baladna has established ICOFR with the aim of providing reasonable but not absolute assurance against material misstatements. The Company conducted an assessment of the effectiveness of Baladna's internal controls over financial reporting based on the framework established in the Internal Control Integrated Framework (2013), issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). COSO recommends the establishment of specific objectives to facilitate the design and evaluate adequacy of a control system.

The COSO Framework includes 17 basic principles, and the following 5 components:

- Control environment
- Risk assessment
- Control activities
- Information and communication
- Monitoring

Controls covering each of the 17 principles and 5 components have been identified and documented. As a result, in establishing ICOFR, management has adopted the following financial statement objectives:

- Existence/Occurrence – assets and liabilities exist, and transactions have occurred.
- Completeness – all transactions are recorded; account balances are included in the financial statements.
- Valuation/M Measurement – assets, liabilities and transactions are recorded in the financial reports at the appropriate amounts.
- Rights, Obligations and Ownership – rights and obligations are appropriately recorded as assets and liabilities.
- Presentation and Disclosures – classification, disclosure and presentation of financial reporting is appropriate.

However, any internal control system, including ICOFR, no matter how well conceived and operated, can provide only reasonable, but not absolute assurance that the objectives of that control system are met. As such, disclosure controls and procedures or systems for ICOFR may not prevent all errors and fraud. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs.

2. Organisation of the Internal Control System

Functions involved in the system of Internal Control over Financial Reporting Controls within the system of ICOFR are performed by all business functions and infrastructure functions with an involvement in reviewing the reliability of the books and records that underlie the financial statements on a quarterly basis. As a result, the operation of ICOFR involves staff based in various functions across the organisation.

Controls to minimise the risk of Financial Reporting misstatement

The system of ICOFR consists of a large number of internal controls and procedures aimed at minimising the risk of misstatement of the financial statements.

Such controls are integrated into the operating process and include those which:

- are ongoing or permanent in nature such as supervision within written policies and procedures or segregation of duties;
- operate on a periodic basis such as those which are performed as part of the annual financial statement preparation process;
- are preventative or detective in nature;
- have a direct or indirect impact on the financial statements themselves. Controls which have an indirect effect on the financial statements include entity level controls and IT general controls such as system access and deployment controls whereas a control with a direct impact could be, for example, a reconciliation which directly supports a balance sheet line item; and
- feature automated and/or manual components. Automated controls are control functions embedded within system processes such as application enforced segregation of duty controls and interface checks over the completeness and accuracy of inputs. Manual internal controls are those operated by an individual or group of individuals such as authorisation of transactions.

3.Measuring Design, Implementation and Operating Effectiveness of Internal Control

The Company has undertaken a formal evaluation of the adequacy of the design, implementation, and operating effectiveness of the system of ICOFR. This evaluation incorporates an assessment of the design, implementation, and operating effectiveness of the control environment as well as individual controls which make up the system of ICOFR taking into account:

- The risk of misstatement of the financial statement line items, considering such factors as materiality and the susceptibility of the particular financial statement item to misstatement.
- The susceptibility of identified controls to failure, considering such factors as the degree of automation, complexity, risk of management override, competence of personnel, and the level of judgement required.

These factors, in aggregate, determine the nature and extent of evidence that management requires to be able to assess whether or not the system of ICOFR is effective. The evidence itself is generated from procedures integrated within the daily responsibilities of staff or from procedures implemented specifically for purposes of the ICOFR evaluation. Information from other sources also form an important component of the evaluation since such evidence may either bring additional control issues to the attention of management or may corroborate findings.

The evaluation has included an assessment of the design, implementation, and operating effectiveness of controls within various processes including Revenue, Receipts and Receivables, Treasury, procure to pay, Human Resources and Payroll, Fixed Assets and Intangibles, Inventory, General Ledger and Financial Reporting, IT Controls, Entity Level Controls and Disclosure Controls.

As a result of the assessment of the design, implementation, and operating effectiveness of ICOFR, management did not identify any material weaknesses and concluded that ICOFR is appropriately designed, implemented and operated effectively as of 31 December 2022.

Independent Assurance Report to the Shareholders of Baladna Q.P.S.C in connection with compliance to the Qatar Financial Markets Authority's Law and relevant legislations, including the Governance Code for Companies and Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority's (QFMA's) Board pursuant to Decision No. (5) of 2016 as of 31 December 2022

To the
Shareholders of Baladna Q.P.S.C
Doha – State of Qatar

In accordance with the requirements of Article 24 of the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority (QFMA) Board pursuant to Decision No. (5) of 2016, we have carried out a limited assurance engagement over Board of Directors' assessment of compliance of Baladna Q.P.S.C referred as the "Company" with the QFMA's law and relevant legislations, including the Governance Code for Companies and Legal Entities Listed on the Main Market (the "Code") as of 31 December 2022 as noted in the Board of Director's Corporate Governance Report (Corporate Governance Report), excluding provisions listed under Other information section of this report.

Responsibilities of the directors and those charged with governance

The Board of Directors of the Company are responsible for preparing the accompanying Corporate Governance Report that covers at a minimum the requirements of Article 4 of the Code.

The Board of Directors are also responsible for ensuring the Company's compliance with the QFMA's law and relevant legislations and the Governance Code for Companies & Legal Entities Listed on the Main Market issued by the QFMA's Board pursuant to Decision No. (5) of 2016 and preparing the, 'Report on compliance with the QFMA's law and relevant legislations, including the Code', as set out in the Corporate Governance Report.

Responsibilities of the Assurance Practitioner

Our responsibilities are to issue a limited assurance conclusion on whether anything has come to our attention that causes us to believe that the "Board of Directors' Governance Report on compliance with the QFMA's law and relevant legislations, including the Code" presented in the Corporate Governance Report do not present fairly, in all material respects, the Company's compliance with the QFMA's law and relevant legislations, including the Code, based on our limited assurance procedures.

Reporting on compliance with QFMA's law and relevant legislations, including the Code

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('IAASB'). This standard requires that we plan and perform our procedures to obtain limited assurance about whether anything has come to our attention that causes us to believe that the Board of Directors' statement of compliance with the QFMA's law and relevant legislations, including the Code, taken as a whole, is not prepared in all material respects, in accordance with the QFMA's law and relevant legislations, including the Code.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We did not perform procedures to identify additional procedures that would have been performed if this were a reasonable assurance engagement.

A limited assurance engagement involves assessing the risks of material misstatement of the Board of Directors' statement of compliance with the QFMA's law and relevant legislations, including the Code, whether due to fraud or error and responding to the assessed risks as necessary in the circumstances. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Accordingly, we do not express a reasonable assurance opinion about whether the Board of Directors' statement of compliance with the QFMA's law and relevant legislations, including the Code, taken as a whole has been prepared, in all material respects, in accordance with the QFMA's law and relevant legislations, including the Code.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, evaluating the appropriateness of reporting policies of the Company, and agreeing with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- made inquiries of management to obtain an understanding of the processes followed to identify the requirements of the QFMA's law and relevant legislations, including the Code (the 'Requirements'); the procedures adopted by management to comply with these Requirements and the methodology adopted by management to assess compliance with these Requirements. This included analysing the key processes and controls for reporting compliance with the Requirements;
- considered the disclosures by comparing the contents of the Corporate Governance Report against the requirements of Article 4 of the Code;
- agreed the relevant contents of the Corporate Governance Report to the underlying records maintained by the legal and compliance department of the Company;
- performed limited substantive testing on a selective basis, when deemed necessary, to assess compliance with the Requirements, and observed evidences gathered by the Company's management and assessed whether violations of the Requirements, if any, have been disclosed by the Board of Directors, in all material respects.

Our limited assurance procedures do not involve assessing the qualitative aspects or effectiveness of the procedures adopted by management to comply with the Requirements. Therefore, we do not provide any assurance as to whether the procedures adopted by management were functioning effectively to achieve the objectives of the QFMA's law and relevant legislations, including the Code.

Our independence and quality control

In carrying out our work, we have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and the ethical requirements that are relevant in Qatar. We have fulfilled our other ethical responsibilities in accordance with these requirements and the (IESBA) Code.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Inherent limitations

Many of the procedures followed by entities to adopt governance and legal requirements depend on the personnel applying the procedure, their interpretation of the objective of such procedure, their assessment of whether the compliance procedure was implemented effectively, and in certain cases would not maintain audit trail. It is also noticeable that the design of compliance procedures would follow best practices that vary from one entity to another and from one country to another, which do not form a clear set of criteria to compare with.

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the Governance Report and the methods used for determining such information.

Other information

The Board of Directors are responsible for the other information. The other information comprises the Corporate Governance Report (but does not include the Directors' Report on compliance with QFMA's law and relevant legislations including the Code' presented in the "Directors' Statement" which we obtained prior to the date of this assurance report.

Our conclusion on the Board of Director's Corporate Governance Report on compliance with applicable QFMA's law and relevant legislations including the Code does not cover the other information and we do not, and will not express any form of assurance conclusion thereon.

In connection with our assurance engagement on the applicable sections of the Corporate Governance Report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Corporate Governance report or our knowledge obtained in the engagement, or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information that we obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the complete Corporate Governance Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the QFMA.

Conclusion

Based on our limited assurance procedures described in this report, nothing has come to our attention that causes us to believe that the Board of Directors' report on compliance with QFMA's law and relevant legislations, including the Code, as presented in Board of Director's Corporate Governance Report, do not present fairly, in all material respects, the Company's compliance with the QFMA's law and relevant legislations, including the Code as at 31 December 2022.

Moore Stephens and Partners
Certified Public Accountants

Doha – Qatar
15 March 2023

Fathi Abu Farah
Member of Qatar Association of
Certified Public Accountant
License No. 294
QFMA Auditor License No. 120189

Independent Assurance Report to the Shareholders of Baladna Q.P.S.C on the suitability of the design, implementation and operating effectiveness of internal controls over financial reporting of significant processes as of 31 December 2022 in connection with the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority's (QFMA's) Board pursuant to Decision No. (5) of 2016

**To the Shareholders of Baladna Q.P.S.C.
Doha – State of Qatar**

Report on the Directors' assessment of the suitability of the design, implementation and operating effectiveness of internal controls over financial reporting of significant processes as of 31 December 2022 of Baladna Q.P.S.C hereinafter referred to as the "Company" and its subsidiaries together referred as the "Group" in connection with the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority's (QFMA's) Board pursuant to Decision No. (5) of 2016.

In accordance with the requirements of Article 24 of the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority (QFMA) Board pursuant to Decision No. (5) of 2016, we have carried out a reasonable assurance engagement over the Management's Internal Control Statement on assessment of suitability of the design, implementation and operating effectiveness of the Group's internal controls over financial reporting (Management Internal Control Statement) as of 31 December 2022, based on the framework issued by the Committee of Sponsoring Organisations of the Treadway Commission "COSO framework".

Responsibilities of the directors and those charged with governance

The Board of Directors are responsible for implementing and maintaining effective internal control over financial reporting. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate policies, and making accounting estimates and judgements that are reasonable in the circumstances.

The Group's assessment of its internal control system is presented by the Management to the Board of Directors in the form of the Management's Internal Control Statement contained in the Corporate Governance Report, which includes:

- the management's assessment of the suitability of design, implementation and operating effectiveness of internal control framework over financial reporting;
- the description of the process and internal controls over financial reporting for the Significant Process of (general IT and application controls, entity level controls, revenues, receivables, inventory management, fixed assets, treasury and cash management, biological assets, payroll, financial reporting and periodic closing of the financial records);
- the control objectives; including identifying the risks that threaten the achievement of the control objectives;
- designing, implementing and maintaining controls to achieve the stated control objectives; and
- identification of control gaps and failures; how they are remediated; and procedures set to prevent such failures or to close control gaps.

The Group has assessed the design, implementation and operating effectiveness of its internal control system as at 31 December 2022, based on the criteria established in the Internal Control- Integrated Framework 2013 issued by the Committee of Sponsoring Organisations of the Treadway Commission ("COSO framework"). These responsibilities include the design adequate internal financial controls that would ensure the orderly and efficient conduct of its business, including:

- adherence to the Group's policies;
- the safeguarding of its assets;
- the prevention and detection of frauds and errors;
- the accuracy and completeness of the accounting records;
- the timely preparation of reliable financial information; and
- compliance with applicable laws and regulations, including the QFMA's law and relevant legislations and the Governance Code for Companies & Legal Entities Listed on the Main Market issued by the QFMA's Board pursuant to Decision No. (5) of 2016.

Responsibilities of the Assurance Practitioner

Express a reasonable assurance opinion on the fairness of the presentation of Management's Internal Control Statement, based on the criteria established in COSO Framework, including its conclusion on the effectiveness of design, implementation and operating effectiveness of the Group's internal controls over financial reporting of "Significant Processes" presented in the Corporate Governance Report to achieve the related control objectives stated in that description based on our assurance procedures.

Reporting on internal controls over financial reporting

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('IAASB'). This standard requires that we plan and perform our procedures to obtain reasonable assurance on the Management's Internal Control Statement over assessment of suitability of the design, implementation and operating effectiveness of the Group's internal controls over financial reporting of significant processes of (general IT and application controls, entity level controls, revenues, receivables, inventory management, fixed assets, treasury and cash management, biological assets, payroll, financial reporting and periodic closing of the financial records) in all material respects, to achieve the related control objectives stated in the description of the relevant processes by management, based on the COSO framework.

A process is considered significant if a misstatement due to fraud or error in the stream of transactions or financial statement amount would reasonably be expected to impact the decisions of the users of financial statements. For the purpose of this engagement, the processes that were determined as significant are: (revenues, receivables, inventory management, fixed assets, treasury and cash management, investment management, payroll, financial reporting and periodic closing of the financial records).

An assurance engagement of this type also includes evaluating Board of Directors' assessment of the suitability of the design, implementation and operating effectiveness of the controls in an organization involves performing procedures to obtain evidence about the suitability of design and operating effectiveness of the controls. Our procedures on internal controls over financial reporting included:

- obtaining an understanding of internal controls over financial reporting for significant processes;
- assessing the risk that a material weakness exists; and
- testing and evaluating the design, implementation and operating effectiveness of internal control based on the assessed risk.

In carrying out our engagement, we obtained understanding of the following components of the control system:

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information and Communication
5. Monitoring

The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the suitability of design and operating effectiveness, whether due to fraud or error. Our procedures also included assessing the risks that the controls were not suitably designed or operating effectively to achieve the related control objectives stated in the Corporate Governance Report. Our procedures included testing the operating effectiveness of those controls that we consider necessary to provide reasonable assurance that the related control objectives stated in the Corporate Governance Report were achieved.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion on the Management's Internal Control Statement over their assessment of the suitability of design and operating effectiveness of the Group's internal controls over financial reporting.

Our independence and quality control:

In carrying out our work, we have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior and the ethical requirements that are relevant in Qatar. We have fulfilled our other ethical responsibilities in accordance with these requirements and the (IESBA) Code.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Meaning of internal controls over financial reporting

An entity's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. An entity's internal control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the International Financial Reporting Standards, and that receipts and expenditures of the entity are being made only in accordance with authorizations of the management of the entity; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the consolidated financial statements.

Inherent limitations

Because of the inherent limitations of internal financial controls over financial reporting and compliance with relevant laws and regulations, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Therefore, internal controls over financial reporting may not prevent or detect all errors or omissions in processing or reporting transactions and consequently cannot provide absolute assurance that the control objectives will be met. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Furthermore, the controls activities designed, implemented and operated as of 31 December 2022 covered by our assurance report will not have retrospectively remedied any weaknesses or deficiencies that existed in relation to the internal controls over the financial reporting and compliance with applicable laws and regulations prior to the date those controls were placed in operation.

Other information

The Board of Directors are responsible for the other information. The other information comprises the Corporate Governance Report but, does not include Management's Internal Control Statement.

Our conclusion on the Management's Internal Control Statement does not cover the other information and we do not, and will not express any form of assurance conclusion thereon.

If, based on the work we have performed, on the other information that we obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the complete Corporate Governance Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the QFMA.

Opinion

In our opinion the Directors' ICFR Report forming part of the Annual Corporate Governance Report, is fairly stated, in all material respects, based on the criteria established in the COSO Framework, including its conclusion on the effectiveness of design, implementation and operating effectiveness of Internal Control over Financial Reporting as of 31 December 2022.

Moore Stephen and Partners
Certified Public Accountants

Doha – Qatar
15 March 2023

Fathi Abu Farah
Member of Qatar Association of
Certified Public Accountant
License No. 294
QFMA Auditor License No. 120189

3

FINANCIAL STATEMENTS

We are committed to doing business with integrity and transparency.

126	Independent auditor's report
130	Consolidated Statement of Profit and Other Comprehensive Income
131	Consolidated Statement of Financial Position
132	Consolidated Statement of Changes in Shareholders' Equity
133	Consolidated Statement of Cash Flows
134	Notes to the Consolidated Financial Statements



INDEPENDENT AUDITOR'S REPORT

To the Shareholders
Baladna Q.P.S.C.
Al Khor, State of Qatar

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Baladna Q.P.S.C. (the "Company"), and its subsidiaries (together referred to as the "Group") which comprise the consolidated statement of financial position, consolidated statement of profit and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year ended 31 December 2022, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position, consolidated financial performance and its consolidated cash flows for the year ended 31 December 2022 in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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.

Key Audit Matters	How our audit addressed the key audit matters
Revenue recognition The Group reported revenue of QR 985,620,392 from agriculture activities. The Group's sales arrangements are made on the basis of the point of sale, with the provision of return rights for customers in the event that the sold product is expired. We identified revenue recognition as a key audit matter because it is one of the key performance indicators of the Group and given rise to an inherent risk of misstatement to meet expectations or targets. Refer to the following notes of the consolidated financial statements. • Note 3.2 – Significant accounting policies; • Note 4 – Significant accounting judgments, estimates and assumptions; and • Note 5 – Revenue	We tested revenue through a combination of controls testing, data analytics and substantive audit procedures covering, in particular: • Updating our understanding of the significant revenue processes and identifying the relevant controls (including IT systems, interfaces and reports); • Performing automated and manual controls tests and substantive tests, to ascertain accuracy and completeness of revenue; • Assessing and testing the Group's revenue accounting policies, including the key judgements and estimate applied by management in consideration of the requirements of IFRS 15; • Performing data analysis, and analytical reviews on significant revenue streams; We also assess the overall presentation, structure and content of revenue related disclosures in notes 3.2, 4 and 5 to the consolidated financial statements.
Fair Valuation of Biological Assets IAS 41 "Agriculture" requires biological assets to be measured at fair value less costs to sell, unless the fair value cannot be reliably measured. Management has used valuation method developed based on past information, assumptions, market prices of livestock of similar age, pregnancy, lactations and milk production. The calculation of the fair value of biological assets involves a significant degree of judgement, particularly in respect of landed cost, market prices for calves and heifers. Refer to the following notes of the consolidated financial statements. • Note 3.2 – Significant accounting policies; • Note 16 – Biological assets.	Our audit procedures included, • Understanding management's process for collecting the information to support the key assumptions and inputs adopted in the valuation of biological assets and assessing the information based on our knowledge of the Group and other audit procedures performed. • Assessing the methodologies adopted in the valuation of biological assets with reference to the requirements of the prevailing accounting standards with the consultation from our internal technical team. • Assessing on a sample basis, the input data used in the valuations of biological assets, including breeding costs, milk production volumes and culling rates, based on available historical data. • Evaluating the adequacy of the disclosure in Financial Statements, including disclosures of key assumptions, judgments and sensitivities.

Other information

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

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, applicable provisions of Qatar Commercial Companies Law and Company's Articles of Association 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 are responsible for overseeing the Group's financial reporting process.

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

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those 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, 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.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

Further, as required by the Qatar Commercial Companies Law, we report the following:

- We are also in the opinion that proper books of account were maintained by the Group, physical inventory verification has been duly carried out and the contents of the directors' report are in agreement with the Group's accompanying consolidated financial statements.
- We obtained all the information and explanations which we considered necessary for the purpose of our audit.
- To the best of our knowledge and belief and according to the information given to us, no contraventions of the applicable provisions of Qatar Commercial Companies Law and the Company's Articles of Associations, were committed during the period which would materially affect the Group's consolidated financial position or its consolidated financial performance.

Fathi Abu Farah
Partner
Moore Stephens and Partners
License No. 294
QFMA Auditor's Registration No. 120189

15 March 2023
Doha, State of Qatar

CONSOLIDATED STATEMENT OF PROFIT AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 QR	2021 QR
Revenue	5	985,620,392	772,967,687
Cost of revenue	6	(775,718,731)	(576,260,958)
Gross profit		209,901,661	196,706,729
Other income	7	117,447,276	127,896,858
(Loss)/gain on financial investments at FVTPL		(23,248,043)	10,829,791
Dividend income		11,454,216	–
Selling and distribution expenses	8	(87,094,441)	(83,452,031)
General and administrative expenses	9	(86,565,664)	(81,114,006)
Operating profit for the year		141,895,005	170,867,341
Finance cost and bank charges	10	(60,268,731)	(36,403,383)
Profit before income tax		81,626,274	134,463,958
Income tax expense	11	(1,014,548)	(628,075)
Profit after tax for the year		80,611,726	133,835,883
Other comprehensive income		–	–
Total comprehensive income for the year		80,611,726	133,835,883
Basic and diluted earnings per share (Expressed in QR per share)	28	0.042	0.070

The attached notes from 1 to 37 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	2022 QR	2021 QR
ASSETS			
Non-current assets			
Property, plant and equipment	12	3,128,084,820	2,907,522,118
Right-of-use assets	13	21,056,526	39,867,189
Intangible assets	14	6,411,217	5,747,070
Financial investments held at FVTPL	15	218,124,952	144,060,018
Biological assets	16	219,941,340	197,722,614
Total non-current assets		3,593,618,855	3,294,919,009
Current assets			
Inventories	17	442,974,185	271,936,438
Trade and other debit balances	18	307,970,755	277,294,247
Biological assets	16	813,800	562,800
Due from related parties	29(b)	30,709,498	15,376,456
Cash and bank balances	19	62,367,530	52,255,382
Total current assets		844,835,768	617,425,323
TOTAL ASSETS		4,438,454,623	3,912,344,332
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	20	1,901,000,000	1,901,000,000
Legal reserve	21	37,157,664	29,096,491
Acquisition reserve	22	201,123,011	201,123,011
Retained earnings		109,594,477	139,812,217
TOTAL SHAREHOLDERS' EQUITY		2,248,875,152	2,271,031,719
LIABILITIES			
Non-current liabilities			
Islamic financing	23	1,634,196,123	1,193,327,524
Employees' end of service benefits	24	13,589,562	10,578,832
Lease liabilities	25	8,805,361	28,404,404
Total non-current liabilities		1,656,591,046	1,232,310,760
Current liabilities			
Current portion of Islamic financing	23	86,125,000	78,000,000
Short term financing	26	88,206,914	51,321,755
Trade and other credit balances	27	239,693,454	177,030,835
Bank overdrafts	19	99,492,839	74,041,899
Lease liabilities	25	15,186,935	14,016,925
Due to related parties	29(c)	4,283,283	14,590,439
Total current liabilities		532,988,425	409,001,853
TOTAL LIABILITIES		2,189,579,471	1,641,312,613
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		4,438,454,623	3,912,344,332

The attached notes from 1 to 37 are an integral part of these consolidated financial statements.

The consolidated financial statements were approved and authorized for issuance by the Board of Directors on 15 March 2023.

Mr. Ramez Mhd Ruslan Al Khayat
Managing Director

Mr. Malcolm Jordan
Chief Executive Officer

Mr. Saifullah Khan
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital QR	Legal reserve QR	Acquisition reserve QR	Retained earnings QR	Total QR
As at 1 January 2022	1,901,000,000	29,096,491	201,123,011	139,812,217	2,271,031,719
Profit for the year	–	–	–	80,611,726	80,611,726
Dividend declared (Note 30)	–	–	–	(100,753,000)	(100,753,000)
Transfer to legal reserve (Note 21)	–	8,061,173	–	(8,061,173)	–
Transfer to social and sport fund (Note 35)	–	–	–	(2,015,293)	(2,015,293)
As at 31 December 2022	1,901,000,000	37,157,664	201,123,011	109,594,477	2,248,875,152
As at 1 January 2021	1,901,000,000	15,712,903	201,123,011	123,458,819	2,241,294,733
Profit for the year	–	–	–	133,835,883	133,835,883
Dividend declared (Note 30)	–	–	–	(100,753,000)	(100,753,000)
Transfer to legal reserve (Note 21)	–	13,383,588	–	(13,383,588)	–
Transfer to social and sport fund (Note 35)	–	–	–	(3,345,897)	(3,345,897)
As at 31 December 2021	1,901,000,000	29,096,491	201,123,011	139,812,217	2,271,031,719

The attached notes from 1 to 37 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 QR	2021 QR
OPERATING ACTIVITIES			
Profit before tax for the year		81,626,274	134,463,958
Adjustments for:			
Depreciation of property, plant and equipment	12	125,452,244	111,194,633
Depreciation of right-of-use assets	13	12,901,441	13,311,193
Amortization of intangible assets	14	2,305,776	1,798,041
Provision for employees' end of service benefits	24	4,174,135	4,033,224
Impairment loss allowance on trade receivables	18	35,862	89,935
Loss/(gain) on disposal of property, plant and equipment	7	186,986	(25,734)
Loss/(gain) on financial investments at FVTPL		23,248,043	(10,829,791)
Dividend income		(11,454,216)	–
Gain arising from change in fair value of biological assets	16	(68,896,232)	(52,470,576)
Cost of slaughtered animals disposed and transfer	16	11,754,934	12,014,712
Loss from death of livestock	16	12,943,460	8,875,480
Finance cost on lease liabilities	25	1,209,588	2,052,729
Finance cost		59,059,143	34,350,654
Operating cash flow before movement in working capital		254,547,438	258,858,458
Changes in:			
Inventories		(171,037,747)	28,808,994
Due from related parties		(15,333,042)	(783,393)
Trade and other debit balances		(30,507,170)	3,523,374
Due to related parties		(10,307,156)	9,824,157
Trade and other credit balances		50,039,051	(17,682,763)
Cash generated from operating activities		77,401,374	282,548,827
Employees' end of service benefit paid	24	(1,163,405)	(1,107,017)
Finance cost paid		(65,847,126)	(33,512,947)
Finance cost on lease liabilities paid		(1,209,588)	(2,052,729)
Income tax paid		(813,770)	(380,431)
Net cash generated from operating activities		8,367,485	245,495,703
INVESTING ACTIVITIES			
Purchase of property, plant and equipment (i)	12	(340,387,904)	(249,933,550)
Proceeds from disposal of property, plant and equipment		297,230	31,901
Purchase of intangible assets	14	(1,053,570)	(1,919,997)
Disposal of investment securities		10,693,314	–
Acquisition of financial investments at fair value through profit or loss		(108,006,291)	(133,230,227)
Dividend received		9,998,975	–
Net movement in biological assets		21,728,112	19,918,713
Net cash used in investing activities		(406,730,134)	(365,133,160)
FINANCING ACTIVITIES			
Net movement in financing		485,878,758	244,934,488
Principal elements of lease payments		(10,818,480)	(12,182,458)
Dividend paid		(92,036,421)	(95,965,184)
Net movement in restricted cash		11,337,223	(30,838,254)
Net cash generated from financing activities		394,361,080	105,948,592
Net decrease in cash and cash equivalents		(4,001,569)	(13,688,865)
Cash and cash equivalents at beginning of the year		(52,624,771)	(38,935,906)
Cash and cash equivalents at the end of the year	19	(56,626,340)	(52,624,771)

(i) An amount of QR 8,027,611 (2021:QR 278,872) has been excluded from the purchase of property, plant and equipment for the cash flow statement as it represents the finance cost capitalized during the year.

The attached notes from 1 to 37 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 . Corporate information

Baladna Q.P.S.C. (the "Company") was established in the State of Qatar under commercial registration number 140310, as Qatari Public Shareholding Company. The Company finalized legal documentation for the process of establishment and issuance of the Commercial registration on 2 December 2019 (the "Establishment Date"), pursuant to the provisions of Qatar Commercial Companies Law. The Company's registered office is at P.O Box 3382, Um Alhawaya Farm, State of Qatar.

These consolidated financial statements comprise of the financial statements of the Company and its subsidiaries (collectively, the "Group"), as follows:

Subsidiary Name	Country of incorporation	Type of interest	Percentage of effective control
Baladna Food Industries W.L.L. (Note i)	Qatar	Subsidiary	100%
Baladna Food Trading W.L.L. (Note ii)	Qatar	Subsidiary	100%
Baladna Business and Trading LLC (Note iii)	Oman	Subsidiary	100%
Awafi W.L.L. (Note iv)	Qatar	Subsidiary	100%
Baladna for Trading and Investment W.L.L. (Note v)	Qatar	Subsidiary	100%
Agrocare Development S.R.L (Note vi)	Romania	Subsidiary	100%

Notes:

- i. Baladna Food Industries W.L.L. is a limited liability company established under Commercial Registration No. 64756 and is owned 100% by the Company. The principal activity is production and sales of milk, juice, slaughter of animals and sale of meat.
- ii. Baladna Food Trading W.L.L. is a limited liability company established under Commercial Registration No. 133592 and is owned 100% by Baladna Food Industries W.L.L. The principal activity is trading in the food materials.
- iii. Baladna Business and Trading LLC is a limited liability company established under Commercial Registration No.1343623 and is owned 99% by Baladna Food Industries W.L.L. and 1% by Baladna Food Trading W.L.L. The principal activities are as follow:
 - Retail sale in specialized stores of dairy products, eggs, olive and pickles;
 - Activities of export and import offices; and
 - Wholesale of soft drinks, juices and mineral water.
- iv. Awafi W.L.L. is a limited liability company established under Commercial Registration No. 141419 and is owned 100% by Baladna Q.P.S.C. The principal activity is trading in the food materials, packaging and dairy products.
- v. Baladna for Trading and Investment W.L.L. is a limited liability company established under Commercial Registration no 157435 and is owned 100% by Baladna Q.P.S.C. The principal activity is trading feed, investment and management of agricultural projects and investment outside Qatar.
- vi. Agrocare Development S.R.L. is a limited liability company established under Commercial Registration No. 593753 and is owned 100% by Baladna for Trading and Investment W.L.L. The principal activity of the company is growing of cereals (except rice), leguminous Crops and Oil Seeds. (Company under incorporation)

The principal activities of the Group are agricultural activities of production and sales of milk, juice, slaughter of animal and sale of meats.

2. Adoption of new and revised International Financial Reporting Standards (IFRSs)

2.1 New standards and amendments effective in the period on or after 1 January 2022

The consolidated financial statements have been drawn up based on accounting standards, interpretations and amendments effective at 1 January 2022. The Group has adopted the following new and revised Standards and Interpretations issued by International Accounting Standards Board and the International Financial Reporting Interpretations Committee, which were effective for the current accounting period:

Amendments to IAS 16: Proceeds before intended use

Amendments to IAS 16 'Property, plant and equipment' requires the Group to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related costs in profit or loss, instead of deducting the amounts received from the cost of the asset. This amendment is applied retrospectively.

Amendments to IAS 37 Onerous Contracts – Costs of fulfilling a contract

The Group also adopted the amendments to IAS 37 'Provisions, contingent liabilities and contingent assets' specify the costs that an entity includes when assessing whether a contract will be loss-making. There was no impact of adopting this amendment and no contracts have been identified as onerous.

Amendments to IFRS 16 'Leases' Covid-19 Related Rent Concessions beyond 30 June 2021 was early adopted by the Group in 2021.

2.2. New standards and amendments issued but not yet effective for years ending 31 December 2022

The Group has not applied the following new or amended standards and interpretations that have been issued by the IASB but are not yet mandatory for the financial year ended 31 December 2022. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

- IFRS 17 - Insurance Contracts
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
- Amendments to IAS 8 - Disclosure of Accounting Policies and Definition of Accounting Estimates
- Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction

IFRS 17 'Insurance contracts' establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. IFRS 17 is effective for annual periods commencing on or after 1 January 2023.

Amendments to IAS 1 'Presentation of financial statements' clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The meaning of settlement of a liability is also clarified. The amendments are applicable for annual periods commencing on or after 1 January 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

2.2. New standards and amendments issued but not yet effective for years ending 31 December 2022 (continued)

Amendments to IFRS 10 'Consolidated financial statements' and IAS 28 'Investments in associates' clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. Otherwise, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments have been deferred until IASB has finalised its research project on the equity method.

Amendments to Disclosure of Accounting Policies and Definition of Accounting Estimates modify:

- IFRS 7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
- IAS 1, to require entities to disclose their material accounting policy information rather than their significant accounting policies;
- IAS 8, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;
- IAS 34, to identify material accounting policy information as a component of a complete set of financial statements; and
- IFRS Practice Statement 2 Making Materiality Judgements, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments to Deferred tax related to assets and liabilities arising from a single transaction modify IAS 12 to clarify the accounting for deferred tax on transactions that, at the time of the transaction, give rise to equal taxable and deductible temporary differences. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The amendments clarify that the exemption does not apply to transactions for which entities recognise both an asset and a liability and that give rise to equal taxable and deductible temporary differences. This may be the case for transactions such as leases and decommissioning, restoration and similar obligations. Entities are required to recognise deferred tax on such transactions.

The Standard amends IFRS 1 to require deferred tax related to leases and decommissioning, restoration and similar obligations to be recognised by first-time adopters at the date of transition to International Accounting Standards, despite the exemption set out in IAS 12.

3. Basis of preparation and significant accounting policies

3.1 Basis of preparation

Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with IFRS issued by the International Accounting Standards Board (IASB), applicable provisions of Qatar Commercial Companies Law and the Company's Articles of Association, and the applicable provision of the Qatar Commercial Companies Law No. 11 of 2015 and subsequent amendments by Law No. 8 of 2021.

The consolidated financial statements have been prepared in Qatari Riyals (QR), which is the Group's functional and presentation currency and all financial information has been rounded off to the nearest QR, unless otherwise indicated.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial investments held at fair value through profit or loss and biological assets which have been measured at fair value.

When an asset and liability, financial or non-financial, are measured at fair value for recognition or disclosure purposes, are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies selected for use by the Group. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in relevant notes as summarised in note 4. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and entities controlled by the Company and its subsidiaries. The control is achieved when the Company:

- has power over the investee
- is exposed, or has rights, to variable returns from its involvement with the investee, and
- has the ability to use its power to affect its returns.

The Group reassesses 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 listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributable to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

3.1 Basis of preparation (continued)

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

Subsidiaries

Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing whether an entity is controlled. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the parent company.

Change in interests of a subsidiary

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Loss of control

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

Transactions eliminated on consolidation

Intercompany balances and transactions, and any unrealized gains arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

3.2 Significant accounting policies

The principal accounting policies that have been applied consistently by the Group to all periods presented in these consolidated financial statements, are set out below.

Revenue recognition

Revenue from contract with customers

"Revenue from contract with customer" outlines a single comprehensive model of accounting for revenue arising from contract with customers and supersedes current revenue recognition guidance found across several Standards and Interpretations within IFRS. It establishes a new five-step model that will apply to revenue arising from contract with customers.

Step 1: Identify the contract(s) with customer.

Step 2: Identify the performance obligation in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate transaction price to the performance obligation in the contract.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The Group is in the business of producing milk from cows for the sale of fresh milk, long life milk, cheese, yoghurt and other dairy products and the slaughter of cows for the sale of meat and production and sale of chilled and long-life juices. Revenue from contracts with customers is recognised when goods are delivered to and have been accepted by the customer and are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those products. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the products before transferring them to the customer.

Sale of dairy, livestock for meat and consumables

Revenues are generally recognised when the goods are delivered to and have been accepted by the customer. Invoices are generated and revenue is recognised at that point in time. Credit invoices are usually payable within 30 - 60 days. Invoice is generated and recognised as revenue net of applicable discounts which relate to the items sold. No customer loyalty points are offered to customer and therefore there is no deferred revenue to be recognised for the items sold.

Right of return

When a contract provides a customer with a right to return the goods within a specified period, the Group estimate the expected returns using expected value method and recognise revenue net of such right of return.

Volume rebates

Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold.

There is no other variable consideration attached to the Group's products as the Group does not operate any loyalty program schemes, no significant financing components are embedded in its contract with customer and warranty obligations are not applicable.

Rental income

Rental income from other property is recognised as other income.

Dividend income

Dividends from investments are recognised when the shareholder's right to receive payment has been established.

Government support

The Group receives government support related to the investments made in the field of dairy production in the State of Qatar. Government support is recognized in the consolidated statement of profit or loss and other comprehensive income when there is reasonable assurance that it will be received and the Group will comply with the conditions associated with the support.

Government support is expected to be received in fixed instalments on a systematic basis to match the losses incurred by the Group during the prior years and to match its future depreciation expenses on the dairy manufacturing facilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

3.2 Significant accounting policies (continued)

Cost and expense recognition

Expenses are also recognized in the consolidated statement of profit or loss and other comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability that can be measured reliably has arisen. Expenses are recognized in the consolidated statement of profit or loss and other comprehensive income on the basis of a direct association between costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting years and the association can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Finance cost

Finance cost that is directly attributable to the acquisition, construction, or production of a qualifying asset is included in the cost of that asset until such time as the assets are substantially ready for their intended use or sale. All other finance cost is reported in the statement of profit or loss and other comprehensive income in the period in which it is incurred.

Income tax

Income tax is computed on the net profit adjusted for the tax purposes in accordance with the provisions of Law no. 24 of 2018 concerning Qatari income tax.

Tax expense

Current taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- A transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- A business combination.

Current taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

Where the effect of the assumed conversion of the convertible notes and the exercise of all outstanding options have anti-dilutive effect, basic and diluted EPS are stated at the same amount

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Buildings and structures	5 - 40 years
Machineries	2 - 25 years
Motor vehicles	5 - 12 years
Furniture and fixtures	3 - 5 years

Building and structure includes porta cabins, cow barns, factories and buildings due to which the useful life of the assets has been spread over a period of 5 to 40 years. However, individually, it varies.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

The useful lives are reviewed at each financial reporting date. The change in estimated useful life of assets affects depreciation expense for the period in which the change has occurred and for each future period during the assets' remaining useful life.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of profit or loss and other comprehensive income as the expense is incurred.

Capital work-in-progress will be transferred to the appropriate classification of property, plant and equipment upon its completion. Capital work in progress is not depreciated.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statement of profit or loss and other comprehensive income in the year the asset is derecognised.

Assets under construction

Asset under construction are carried at cost less any identified impairment loss. Costs include supervision fees and related expenses, professional fees, finance costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other fixed assets, commences when the assets are ready for their intended use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

3.2 Significant accounting policies (continued)

Finance costs capitalization

Finance cost and other costs that the Group incurs in connection with the financing of funds. A qualifying asset for finance cost capitalization is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Group capitalizes finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group recognizes other finance costs as an expense in the period in which it incurs them.

The Group begins capitalizing finance costs as part of the cost of a qualifying asset on the commencement date. The commencement date for capitalization is the date when the Group first meets all of the following conditions:

- i. Incurs expenditures for the asset;
- ii. Incurs finance costs; and
- iii. Undertakes activities that are necessary to prepare the asset for its intended use or sale.

To the extent that the Group borrows funds specifically for the purpose of obtaining a qualifying asset, the Group determines the amount of financing costs eligible for capitalization as the actual finance costs incurred on that financing during the period less any investment income on the temporary investment of those financing, if any.

The financing costs applicable to the borrowings of the Group that are outstanding during the period, other than those specific financing mentioned above as made specifically for the purpose of obtaining a qualified asset, are capitalized by applying a capitalization rate to the expenditures on that asset. The amount of financing costs that the Group capitalizes during the period is not to exceed the amount of financing costs it incurred during that period.

The Group suspends capitalization of financing costs during extended periods in which it suspends active development of a qualifying asset, and ceases capitalizing financing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Leases

The group leases various offices, equipment and vehicles. Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices unless it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the finance rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental financing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of finance on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

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

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period and any change in estimate is accounted for on prospective basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

3.2 Significant accounting policies (continued)

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the separate statement of profit or loss and other comprehensive income when the asset is derecognised.

Amortization is charged on intangible assets so as to write off the cost or valuation of assets, over their estimated useful lives, less estimated residual value, using the reducing balance method on the following bases:

Intangible assets represent the cost trade mark and computer software. Useful life of intangibles ranges from 3 to 10 years and carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method.

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses (except for goodwill), the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments - initial recognition and subsequent measurement

Recognition and derecognition of financial instruments

Financial instruments, other than derivative financial instruments, are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets that are regular way purchased or sold are recognised using the trade date accounting i.e. that is when the Group commits to purchase or sell.

Financial instruments that are not trade receivables are initially measured at fair value, which generally equates to acquisition cost, which includes transaction costs for financial instruments not subsequently measured at fair value.

Trade receivables are recognised at transaction cost if they do not contain a significant financing element (IFRS 15).

Financial assets are derecognised when:

- The contractual rights to cash flows from the financial asset expire, or
- the asset is transferred such that contractual rights to cash flows of the assets and the risks and rewards of ownership are transferred,

On de-recognition, the Group recognised the differences between carrying amount and consideration.

In factoring arrangements and guaranteed receivables, transfer may not result in de-recognition, because the Group retains exposure to risks and rewards to some extent. The Group assesses its extended involvement and recognises a liability, such that the net of asset and liability represents the rights and obligations retained, measured based on the classification of the original asset.

Financial liabilities (or a part of) are derecognised when, and only when the obligation is extinguished — i.e. when the obligation specified in the contract is discharged or cancelled or expires. The gain or loss between the carrying value and amount paid is recognised in profit or loss.

If the terms of an existing financial liability (financing) are substantially modified this will be considered to meet the criteria for derecognition of the original liability, and a new financial liability is recognised.

Classification and subsequent measurement of financial assets

Measurement of financial assets depends on the classification, which is determined by the business model for holding the asset and characteristics of its cash flows.

i. Amortised cost

Assets are held for the purpose of obtaining contractual cash flows, which are solely finance cost and principal, such as vanilla debt instruments, financing and receivables including contract assets. Finance cost is calculated using effective return method and included in finance income in profit or loss. Impairment is presented in a separate line in profit or loss.

ii. Fair value through other comprehensive income (FVOCI)

If in addition to above, if the business model also includes selling the assets, then these assets are measured at fair value with changes in FVOCI. Finance income is calculated and presented as above. Impairment is included in profit or loss and reduces/ increases the fair value gain/ loss recognised in OCI reserve.

On derecognition, gains and losses are recycled to profit or loss and included in other gains/ losses.

iii. Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria above are measured as FVTPL with changes in fair value presented in other gains/ losses.

For equity investments that the group considers to be long term strategic investments, the group has taken the election in IFRS 9 to present the changes in FVOCI. Unlike ii) above however, on sale of investments, the cumulative OCI gain/ loss will be transferred within equity and will not be recycled through profit or loss.

Dividends are recognised as other income when there is a right to receive payment.

Classification and measurement of financial liabilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

3.2 Significant accounting policies (continued)

i. Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities, which are measured at amortised cost. Financial liabilities are classified at FVTPL if they are either held for trading or they are otherwise designated within this classification. Gains and losses on such financial liabilities are recognised within other gains and losses in the statement of comprehensive income.

A financial liability is classified as held for trading if (a) it has been acquired principally for the purposes of subsequent short-term repurchase; (b) on initial recognition it is part of a portfolio of identified financial instruments which have a pattern of short-term profit taking; or (c) it is a derivative financial instrument that is not designated and effective as a hedging instrument.

A financial liability may otherwise be designated at FVTPL upon initial recognition if such designation eliminates or reduces significantly a measurement or recognition inconsistency that would otherwise arise; or (b) the financial liability forms part of a group of financial assets, financial liabilities or both, which is managed and its performance evaluated on a fair value basis as a part of the Group's documented risk management and investment strategies; and (c) it forms part of a contract containing one or more embedded derivatives and the entire contract can be so designated in accordance with applicable financial reporting standards.

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective return method, with finance expense recognised on an effective yield basis, within finance costs in the statement of comprehensive income.

The Group derecognises financial liabilities when the obligations of the Group are discharged, cancelled or have expired.

ii. Embedded derivatives

Derivatives embedded in other financial instruments or non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at FVTPL.

However financial liabilities which contain multiple embedded derivatives are not separated and are treated as FVTPL.

Compound financial instruments issued by the Group comprise convertible financing notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective return method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

The finance expense on the liability component is calculated by applying the effective return method. This is obtained by calculating the present value of future cash flows at a market rate for a financing without the

convertible component. The difference between the effective finance rate and the finance cost paid is added to the carrying amount of the convertible financing note.

Finance costs, dividends, losses and gains relating to the financial liability are recognised in profit or loss. Distributions to the equity holders are recognised in equity, net of attributable taxation.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Currently the group does not offset financial assets and financial liabilities. The only relevant arrangement the Group is subject to is a master netting arrangement.

Impairment

The following assets have specific characteristics for impairment testing:

Impairment of financial assets

The Group considers bank balances to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective finance rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the customer or issuer;
- a breach of contract such as a default or being more than 360 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the customer will enter bankruptcy or other financial reorganization; or the disappearance of an active market for a security because of financial difficulties

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

3.2 Significant accounting policies (continued)

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment losses related to financial assets are presented under net impairment (loss)/reversal on financial assets in the consolidated income statement.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Biological assets

A biological asset is a living animal or plant. Biological assets consist of cows. Biological assets are measured at fair value less cost to sell, with any change therein recognised in consolidated statement of profit or loss and other comprehensive income.

Where the fair value cannot be measured reliably, in such a case, that biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, an entity shall measure it at its fair value less costs to sell.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition, excluding financing costs. Cost of the inventory is determined by the weighted average cost methods and includes invoiced cost and other expenditures incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Trade receivables

Trade receivables are amounts due from customers for sale performed in the ordinary course of business.

Trade receivables are financial assets stated initially at fair value which is taken to be their transaction cost and subsequently at their amortised cost less any loss allowance. Loss allowance is based on lifetime expected credit losses assess and determined at initial recognition and subsequently adjusted for any changes in expectation.

Trade receivables expected to be received in the next year are classified as current assets. If not, they are presented as non-current assets.

Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less that are subject to an insignificant risk of change in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

Shareholders' equity

Share capital represents the total capital per commercial registration which is treated as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Retained earnings include all accumulated profits or losses of the Group less any dividends, legal reserve and social and sports fund.

Dividend

Dividend distributions to the Group's shareholders are recognized as a liability in the consolidated financial statements in the period in which the dividend is approved by the shareholders. Dividend for the year that are approved after the reporting date of the consolidated financial statements are considered as an event after the reporting date.

Financing

After initial recognition at fair value net of directly attributable transaction costs, Islamic financing, short term financing and bank overdraft are subsequently measured at amortised cost using the effective return rate method. Gains and losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognised as well as through the effective return rate method amortisation process.

Employees' end of service benefits

The end of service benefits to its employees is in accordance with Qatar Labor Law. The entitlement to these benefits is based upon the employees' final salary and length of service. The expected costs of these benefits are accrued over the period of employment.

Under Law No. 24 of 2002 on Retirement and Pension, the Group is required to make contributions to a Government fund scheme for Qatari employees calculated as a percentage of the Qatari employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

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 the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Foreign currency transactions

Transactions in foreign currencies are recorded in QR at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

3.2 Significant accounting policies (continued)

with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

Segmental reporting

An operating segment is a component of the group that engages in the business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of group's other components. The segmental results that are reported to the Group's chief operating decision makers ("CODM") to make decision about the resources to be allocated to segment and to assess its performance.

Financial information on operating segments is presented in note 32 to the consolidated financial statements.

Fair value measurements

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, regardless of whether that price is directly observable or estimated using another valuation technique. When measuring fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from the past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

Contingent liabilities are not recognised but are disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as provision.

Events after the reporting date

Post year-end events that provide additional information about the Group's financial position at reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. Significant accounting judgement, estimates and assumption

In preparing the consolidated financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Certain areas of consolidated financial statements require management to make judgements and estimates in application of accounting policies and measurement of reported amounts. These are continuously monitored for any factors that would lead to a change in assumption or lead to a different decision. Any changes in estimates are accounted for prospectively.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are noted below with reference to relevant notes containing further assessment of the nature and impact of the assumptions.

In the process of applying the Group's accounting policies, management has made the following estimates judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Satisfaction of performance obligation

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing revenue. For sale of goods through retail outlets, hotels, restaurants and cafeteria's revenue recognized by the group at a point in time when the goods are sold and control is transferred to customer.

Determination of transaction price

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement, the entity assesses the impact of any variable consideration in the contract, due to discounts, rights of return, the existence of any significant financing component and any con-cash consideration in the contract.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how Groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

4. Significant accounting judgement, estimates and assumption (continued)

Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP of the country in which it sells its goods to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Determining the lease term

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).

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. During the current financial year, there has been no revision in the lease terms.

Going concern

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

Classification of investments

Management decides on acquisition of an investment whether to classify it as financial asset at fair value through other comprehensive income or financial asset through profit or loss. The Group classifies investment as financial asset at fair value through profit or loss if the investment is classified as held for trading and upon initial recognition it is designated by the group as at fair value through profit or loss.

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

Trade receivables and due from related parties

The Group applies the simplified approach to measuring expected credit losses to its trade receivables and due from related parties, which uses a provision matrix. The provision rates are based on days past due for Groupings of various customer segments that substantially share the same risk characteristics or loss patterns. The provision rates are initially based on the Group's historical observed default rates and adjusted with current conditions and the Group's view of economic conditions over the expected lives of the receivables. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Cash and bank balances

Impairment on cash and bank balances has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and bank balances and restricted grants have low credit risk based on the external credit ratings of the counterparties. While cash and bank balances are also subject to impairment, the identified impairment loss is considered immaterial.

Useful lives of property, plant and equipment and intangible assets

The Group's management determines the estimated useful lives of its property, plant and equipment and intangible assets for calculating depreciation and amortisation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Use of incremental rate of financing

For measuring the lease liability, the Group discounted the lease payments based on its incremental rate of financing as on 1 January 2022, i.e. 4%. The definition of incremental financing rate states that the rate should reflect what the Group would be charged to borrow over a similar term and under similar circumstances. To determine an appropriate rate, the Group has obtained the relevant information from its bankers.

Provision for slow moving inventories

Inventories are held at the lower of cost or net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence.

Measurement of biological assets

Biological assets are measured at fair value less cost to sell, with any change therein recognised in consolidated statement of profit or loss and other comprehensive income. The fair value of immature livestock is determined by reference to meat price of veal, adjusted to reflect the age of the calves and to the landed cost of a heifer by reference to the recent purchases of the Group. The fair value of mature cows is determined by reference to landed cost of a heifer by reference to the recent purchases adjusted to reflect the decline in productivity through the lactation cycles, the meat price at the point of slaughter. Where the fair value cannot be measured reliably, in such a case, that biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, an entity shall measure it at its fair value less costs to sell.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

5. Revenue

The following sets out the disaggregation of the Group's revenue from contracts with customers:

a) Type of goods or services

	2022 QR	2021 QR
Dairy sales	884,982,822	685,895,493
Juice sales	64,004,325	52,958,285
Livestock sales	27,207,063	23,700,330
Compost and manure sales	4,057,420	5,800,160
Plastic sales	2,917,398	1,983,370
Feed sales	2,447,364	2,630,049
Other sales	4,000	–
	985,620,392	772,967,687

b) Timing of satisfaction of performance obligation

	2022 QR	2021 QR
Goods transferred at point in time	985,620,392	772,967,687

6. Cost of revenue

	2022 QR	2021 QR
Cost of dairy milk and packaging material	242,497,886	119,609,574
Cost of feeds	226,498,682	189,637,730
Depreciation of property, plant and equipment (Note 12)	117,468,905	104,074,516
Direct wages	85,707,619	79,955,970
Rent and maintenance	58,684,557	41,131,795
Utilities	24,540,579	19,363,239
Cost of sale of livestock (Note 16)	21,728,112	19,918,713
Production related indirect expenses	18,158,253	17,477,067
Loss from death of livestock (Note 16)	12,943,460	8,875,480
Cost of slaughtered animals	10,813,703	10,387,202
Cost of medicine	9,442,514	8,477,047
Product disposal and provision for slow moving inventories	6,270,453	3,019,445
Cost of feeds sold	2,042,056	2,020,612
Cost of disposed slaughtered animals	941,231	1,627,510
Amortization of intangibles (Note 14)	56,036	91,268
COVID-19 Expenses	—	87,200
Others	6,820,917	2,977,166
	844,614,963	628,731,534
Less:		
Net fair value gain on biological assets (Note 16)	(68,896,232)	(52,470,576)
	775,718,731	576,260,958

7. Other income

	2022 QR	2021 QR
Government support (Note i)	110,883,058	122,425,032
Rental income	2,036,808	1,344,722
(Loss)/gain on disposal of property, plant and equipment	(186,986)	25,734
Miscellaneous income	4,714,396	4,101,370
	117,447,276	127,896,858

Note i:

During the period, the Group's wholly owned subsidiary has recognised a support from the Government amounting to QR 110,883,058. The support is granted to the subsidiary on account of the investment made in the field of dairy manufacturing to ensure the country's food supplies. There are certain conditions that need to be met by the Group in order to be entitled to the government support. As at 31 December 2022, management believes that these conditions have been satisfactorily achieved, accordingly, the support has been recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

8. Selling and distribution expenses

	2022 QR	2021 QR
Staff cost	44,787,568	39,329,863
Advertising and promotion	28,559,085	31,314,314
Water, electricity and fuel	7,060,159	5,721,871
Depreciation of property, plant and equipment (Note 12)	3,216,782	5,207,221
Insurance	567,747	425,236
Communication	294,142	252,670
Amortization of intangibles (Note 14)	289,639	152,108
Transportation	43,697	83,502
Provision for doubtful debts (Note 18)	35,862	89,935
Government fees	1,760	27,233
Others	2,238,000	848,078
	87,094,441	83,452,031

9. General and administrative expenses

	2022 QR	2021 QR
Staff cost	24,899,210	19,192,775
Depreciation of right-of-use assets (Note 13)	12,901,441	13,311,193
Communication	12,368,651	9,701,342
Management fees	9,000,000	9,000,000
Professional charges	8,835,979	14,785,210
Insurance	8,398,422	8,628,168
Depreciation of property, plant and equipment (Note 12)	4,766,557	1,912,896
Amortization of intangible assets (Note 14)	1,960,101	1,554,665
Board sitting and remuneration*	730,000	2,021,563
Governmental fees	192,068	156,006
Stationery and printing	160,404	143,253
Repair and maintenance and others	2,352,831	706,935
	86,565,664	81,114,006

* 2022 represents sitting fee only

10. Finance cost and bank charges

	2022 QR	2021 QR
Finance cost on bank financing	55,655,749	34,791,483
Finance cost on bank overdrafts	3,123,461	1,583,502
Exchange loss/(gain)	180,100	(2,323,815)
Finance cost on lease liabilities (Note 25)	1,209,588	2,052,729
Finance cost on financing transactions	99,833	299,484
	60,268,731	36,403,383

11. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major component of income tax expense in the consolidated statement of profit or loss are:

	2022 QR	2021 QR
Income tax expense reported in the consolidated statement of profit or loss	1,014,548	628,075
Income tax rate	10%	10%

Note 1:

In December 2019, a new Executive Regulations for the tax was introduced in the State of Qatar, replacing the previous executive regulations. The tax exemption provided under Article 4 (paragraph 13) of the New Tax Law in relation to non-Qatari investors' share in profits in listed entities shall not be extended to subsidiaries/associates of listed entities. Accordingly, if a listed entity holds shares in a non-listed entity, the share of profits in the non-listed entity attributable to the listed entity would be subject to tax to the extent of the profit share attributable to non-Qatari shareholders in the listed entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

12. Property, plant and equipment

	Land QR	Building and structures QR	Machineries QR	Motor vehicles QR	Furniture and fixtures QR	Capital work in progress QR	Total QR
Cost:							
As at 1 January 2022	55,200,100	1,852,509,694	952,058,102	72,152,676	53,326,611	280,389,494	3,265,636,677
Reclassification (Note a)	–	(6,035,815)	16,336,026	5,117,843	(15,418,054)	–	–
Additions during the year	–	31,546,942	7,143,937	441,951	6,968,888	302,313,797	348,415,515
Transfers during the year	–	58,279,720	65,131,456	–	1,622,202	(125,033,378)	–
Disposals during the year	–	–	(598,430)	(304,850)	–	–	(903,280)
Transfer to intangible assets during the year (Note 14)	–	–	–	–	–	(1,916,353)	(1,916,353)
As at 31 December 2022	55,200,100	1,936,300,541	1,040,071,091	77,407,620	46,499,647	455,753,560	3,611,232,559
Accumulated depreciation:							
As at 1 January 2022	–	176,098,135	130,864,253	23,026,427	28,125,744	–	358,114,559
Reclassification (Note a)	–	5,456,256	3,443,767	1,007,248	(9,907,271)	–	–
Charge for the year	–	54,208,129	53,905,338	7,206,196	10,132,581	–	125,452,244
Related to disposals during the year	–	–	(333,002)	(86,062)	–	–	(419,064)
As at 31 December 2022	–	235,762,520	187,880,356	31,153,809	28,351,054	–	483,147,739
Net book value							
As at 31 December 2022	55,200,100	1,700,538,021	852,190,735	46,253,811	18,148,593	455,753,560	3,128,084,820
Cost:							
As at 1 January 2021	55,200,100	1,753,017,501	866,463,745	61,495,734	46,888,710	237,824,258	3,020,890,048
Additions during the year	–	24,989,856	13,371,352	10,818,552	8,856,094	192,176,568	250,212,422
Transfers during the year	–	74,502,337	72,229,327	11,390	1,204,533	(147,947,587)	–
Disposals during the year	–	–	(6,322)	(173,000)	(3,622,726)	–	(3,802,048)
Transfer to intangible assets during the year (Note 14)	–	–	–	–	–	(1,663,745)	(1,663,745)
As at 31 December 2021	55,200,100	1,852,509,694	952,058,102	72,152,676	53,326,611	280,389,494	3,265,636,677
Accumulated depreciation:							
As at 1 January 2021	–	128,163,127	84,855,603	16,803,587	20,753,348	–	250,575,665
Charge for the year	–	47,935,008	46,011,599	6,284,991	10,963,035	–	111,194,633
Related to disposals during the year	–	–	(2,949)	(62,151)	(3,590,639)	–	(3,655,739)
As at 31 December 2021	–	176,098,135	130,864,253	23,026,427	28,125,744	–	358,114,559
Net book value							
As at 31 December 2021	55,200,100	1,676,411,559	821,193,849	49,126,249	25,200,867	280,389,494	2,907,522,118

Notes:

(a) During the year, Group has performed fixed asset verification and comptonization and tagging activity. Based on this exercise group has reclassified the assets to the accurate class of assets. There were no material incremental depreciation impact due to reclassification.

(b) Capital work-in-progress represents expenses incurred by the Group in respect of construction of farm and factories. Additions and capital work in progress to the property, plant and equipment during the year included the following transactions with related parties:

Related party	Nature of transactions	2022 QR	2021 QR
Urbacon Trading and Contracting W.L.L.	Construction work	25,985,757	30,321,846
Elegancia Electro Mechanical Services W.L.L.	Supply and installation of utilities	5,610,213	25,432,098
Joury Tour & Travels W.L.L.	Logistics	951,126	–
Retaj Baywalk Residence W.L.L.	Accommodation	56,000	–
Credo Trading Company W.L.L.	Supply and installation of portable RO plant/IT equipment	–	1,320,000
Elegancia Steel Trading W.L.L.	Supply and installation of furniture and fixtures	–	84,000
Aura Hospitality W.L.L.	Sale of asset	–	4,000

Depreciation expenses charged for the year ended 31 December 2022 are allocated as follows:

	2022 QR	2021 QR
Cost of revenue (Note 6)	117,468,905	104,074,516
Selling and distribution expenses (Note 8)	3,216,782	5,207,221
General and administrative expenses (Note 9)	4,766,557	1,912,896
	125,452,244	111,194,633

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

13. Right-of-use assets

	2022 QR	2021 QR
Cost:		
As at 1 January	72,627,685	72,627,685
Remeasurement	(39,034,489)	–
As at 31 December	33,593,196	72,627,685
Accumulated depreciation:		
As at 1 January	32,760,496	19,449,303
Remeasurement	(33,125,267)	–
Charge for the year (Note 9)	12,901,441	13,311,193
As at 31 December	12,536,670	32,760,496
Net carrying amounts as at 31 December	21,056,526	39,867,189

14. Intangible assets

	2022 QR	2021 QR
Cost:		
As at 1 January	10,141,879	6,558,137
Additions during the year	1,053,570	1,919,997
Transfer from capital work in progress (Note 12)	1,916,353	1,663,745
As at 31 December	13,111,802	10,141,879
Accumulated amortization:		
As at 1 January	4,394,809	2,596,768
Charge for the year	2,305,776	1,798,041
As at 31 December	6,700,585	4,394,809
Net carrying amounts as at 31 December	6,411,217	5,747,070

Amortization expenses charged for the year ended 31 December 2022 are allocated as follows:

	2022 QR	2021 QR
Cost of revenue (Note 6)	56,036	91,268
Selling and distribution expenses (Note 8)	289,639	152,108
General and administrative expenses (Note 9)	1,960,101	1,554,665
	2,305,776	1,798,041

15. Financial investments held at FVTPL

Movement in financial investments:

	2022 QR	2021 QR
As at 1 January	144,060,018	–
Addition during the year	108,006,291	133,230,227
Cost of disposal during the year	(12,683,037)	–
Net change in fair value of financial investments	(21,258,320)	10,829,791
As at 31 December	218,124,952	144,060,018

As at 31 December 2022, equity investments represent equity shares quoted in Qatar Stock Exchange and Egyptian Exchange.

16. Biological assets

The Group's livestock balance primarily comprises of cows which are used in the production of milk and meat. The Group's biological assets stock comprises both immature and mature livestock.

Immature livestock comprise of calves that are intended to be reared to mature. These calves are held to produce milk, but have not started to produce milk. The fair value of the immature livestock is determined by reference to meat price of veal, adjusted to reflect the age of the calves and landed cost of a heifer.

Mature livestock includes cows, which have begun milk production. The fair value of the matured cows is determined by reference to the latest landed cost over heifer adjusted to reflect the decline in productivity through the lactation cycles and the meat price at the point of slaughter.

The value of livestock as follows:

	2022 QR	2021 QR
As at 1 January	198,285,414	186,623,743
Gain arising from change in the fair value of biological assets (Note 6)	68,896,232	52,470,576
Cost of sale of livestock (Note 6)	(21,728,112)	(19,918,713)
Transfer to slaughtered animals' inventories	(11,754,934)	(12,014,712)
Loss from death of livestock (Note 6)	(12,943,460)	(8,875,480)
As at 31 December	220,755,140	198,285,414

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

16. Biological assets (continued)

The value of livestock as follows:

	2022 QR	2021 QR
Current livestock	813,800	562,800
Non-current livestock	219,941,340	197,722,614
As at 31 December	220,755,140	198,285,414
Mature livestock	139,426,040	126,309,414
Immature livestock	81,329,100	71,976,000
As at 31 December	220,755,140	198,285,414
The quantity of livestock owned by the Group is as follows:		
Mature livestock	12,861	12,671
Immature livestock	12,155	10,910
As at 31 December	25,016	23,581

17. Inventories

	2022 QR	2021 QR
Feed inventory	117,680,205	100,779,427
Dairy packaging and raw material inventory	197,593,888	86,946,701
Spare parts	46,359,364	36,409,463
Dairy finished goods inventory	32,421,692	26,045,207
Juice packaging and raw material inventory	22,833,990	4,335,899
Juice finished goods inventory	9,306,566	3,946,711
Chemical and medicine inventory	5,505,659	5,150,661
Plastic inventory	4,365,562	3,063,172
Others	10,686,797	8,018,845
	446,753,723	274,696,086
Less : Provision for slow moving inventories	(3,779,538)	(2,759,648)
As at 31 December	442,974,185	271,936,438

The movement in provision for slow moving inventories is as follows:

	2022 QR	2021 QR
As at 1 January	2,759,648	3,107,629
Provision/(reversals) during the year	1,019,890	(347,981)
As at 31 December	3,779,538	2,759,648

18. Trade and other debit balances

	2022 QR	2021 QR
Trade receivables	112,698,039	80,308,799
Less: Impairment loss allowance	(486,678)	(1,040,099)
	112,211,361	79,268,700
Government support (Note 7)	110,883,058	122,425,032
Advance to suppliers	44,631,982	42,581,198
Prepaid and other advances	35,473,566	28,876,088
Deferred expenses	4,253,437	3,726,458
Staff receivables	517,351	416,771
As at 31 December	307,970,755	277,294,247

Movement in impairment loss allowance on trade receivables is recognized in the consolidated statement of financial position as follows:

	2022 QR	2021 QR
As at 1 January	1,040,099	1,550,164
Provided during the year (Note 8)	35,862	89,935
Written off during the year	(589,283)	(600,000)
As at 31 December	486,678	1,040,099

- (a) Unimpaired receivables are considered collectible based on historic experience and no finance cost is charged on the trade receivables.
- (b) The other classes within trade and other receivables do not contain impaired assets.

19. Cash and cash equivalents

	2022 QR	2021 QR
Cash on hand	591,782	377,063
Bank balances (Note i)	61,775,748	51,878,319
Cash and bank balances	62,367,530	52,255,382
Restricted bank balances	(19,501,031)	(30,838,254)
	42,866,499	21,417,128
Bank overdraft	(99,492,839)	(74,041,899)
Cash and cash equivalents	(56,626,340)	(52,624,771)

Note i:

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 months 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, the management of the Group have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

20. Share capital

	2022		2021	
	No of shares	Amount QR	No of shares	Amount QR
Authorised, issued and paid-up ordinary and special shares QR 1 per each share	1,901,000,000	1,901,000,000	1,901,000,000	1,901,000,000

The Group's authorized, issued and paid-up share capital amounting to QR 1,901,000,000 is divided into 1,900,999,999 ordinary shares and one special share, the nominal value is QR 1 of each share.

Special share

The State of Qatar, represented by the Ministry of Commerce and Industry, has allotted one Special Share, and the Special Share will have specific rights to appoint certain Directors, veto particular decisions of the Company, and other rights. The Special Shareholder, as holder of the Special Share, has the rights set out in Article 28 of Baladna's Article of Association.

21. Legal reserve

In accordance with the provision of the Qatar Commercial Law and Group's Article of Association, a minimum amount of 10% of the profit in each year is required to be transferred to legal reserve until the balance in the legal reserve becomes equal to 50% of the Group's paid up share capital. This reserve is not available for distribution, except in circumstances specified in the above mentioned law.

22. Acquisition reserve

This balance represents the issuance of shares to the Founders against the transferring of ownership in capital of Baladna Food Industries W.L.L and settling of their current account.

23. Islamic financing

	2022 QR	2021 QR
Islamic financing 1 (Note i)	1,008,327,523	1,021,327,524
Islamic financing 2 (Note ii)	630,000,000	250,000,000
Islamic financing 3 (Note iii)	81,993,600	–
As at 31 December	1,720,321,123	1,271,327,524
Current porting	86,125,000	78,000,000
Non-current portion	1,634,196,123	1,193,327,524
As at 31 December	1,720,321,123	1,271,327,524

Notes:

- i. This represents Murabaha facility obtained by the Company's subsidiary (Baladna Food Industries W.L.L.) from a local bank to finance the construction of cows' farm and working capital requirements. The facility carries profit rate of 5.75% per annum (2021: 3.00% per annum).
- ii. This represents financing facility obtained by the Company's Subsidiary (Baladna Food Industries W.L.L.) from a local bank to support expansion and business development. This facility carries management fee of 5.75% per annum (2021: 3.00% per annum)
- iii. This represents financing facility obtained by the Company's Subsidiary (Baladna Food Industries W.L.L.) from a local bank to support expansion and business development. The facility carries profit rate of 5.80% per annum (2021: nil)

24. Employees' end of service benefits

	2022 QR	2021 QR
As at 1 January	10,578,832	7,652,625
Provision Provided during the year	4,174,135	4,033,224
Payments made during the year	(1,163,405)	(1,107,017)
As at 31 December	13,589,562	10,578,832

25. Lease liabilities

	2022 QR	2021 QR
As at 1 January	42,421,329	54,603,787
Remeasurement	(7,610,553)	–
Finance cost charged (Note 10)	1,209,588	2,052,729
Repayments during the year	(12,028,068)	(14,235,187)
As at 31 December	23,992,296	42,421,329
Current portion	15,186,935	14,016,925
Non-current portion	8,805,361	28,404,404
As at 31 December	23,992,296	42,421,329

26. Short term financing

	2022 QR	2021 QR
Financing	88,206,914	51,321,755

This represents document credit facility obtained from a local bank in order to finance the working capital requirements. The facility carries finance rate of 5.75% per annum (2021: 3.00% per annum).

27. Trade and other credit balances

	2022 QR	2021 QR
Trade payables	144,747,184	96,505,086
Accrued expenses	61,176,101	51,810,923
Provision for social and sports fund (Note 35)	2,015,293	3,345,897
Other liabilities	31,754,876	25,368,929
As at 31 December	239,693,454	177,030,835

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

28. Basic and diluted earnings per share

	2022 QR	2021 QR
Profit for the year (QR)	80,611,726	133,835,883
Weighted average number of shares outstanding during the year	1,901,000,000	1,901,000,000
Basic and diluted earnings per share (QR)	0.042	0.070

29. Related party disclosures

In the normal course of its business, the Group enters into transactions with the parties who fall under the definition of a related party as per IAS 24 "Related party disclosures". Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Balances and transactions between the Group and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group, affiliates and Board of Directors are disclosed below. The details of the transactions and the balances with such related parties during the year are as follows:

a) Related party transactions

	2022		2021	
	Sales QR	Purchases QR	Sales QR	Purchases QR
Yemek Doha Catering Services W.L.L.	23,634,553	–	19,108,649	–
Aura Hospitality W.L.L.	5,724,417	–	3,739,678	54,308
Widam Food Company Q.P.S.C.	4,736,762	–	6,120,000	–
Elegancia Landscape W.L.L.	1,661,178	681,231	3,652,110	2,522,682
Aura Entertainment W.L.L.	1,204,903	–	836,495	–
Urbacon Trading and Contracting W.L.L.	999,969	18,512,949	–	1,718
Sazeli Restaurant W.L.L.	812,611	–	439,075	–
Orient Pearl Restaurant W.L.L.	256,122	8,260	172,149	75,927
Damasca Restaurant W.L.L.	229,131	–	99,230	–
Urbacon Plant, Machinery and Vehicles (A Branch of Urbacon Trading and Contracting Company W.L.L.)	140,611	1,380	141,347	90,193
Elegancia Group W.L.L.	29,878	–	–	–
Power International Holding W.L.L.	–	15,347,914	–	15,596,205
Joury Tour & Travels W.L.L.	–	3,581,462	–	4,145,327
Stark Security W.L.L.	–	2,145,610	–	1,363,823
Credo Trading Company W.L.L.	–	1,816,764	–	1,203,497
Aalaf Qatar W.L.L.	–	926,570	–	5,817,833
Printshop for Printing Services W.L.L.	–	236,547	–	42,240
General Pension and Social Security Authority	–	179,967	–	182,298
Elegancia Hospitality Services W.L.L.	–	116,790	–	–
Assets Real Estate Development Co. W.L.L.	–	87,896	–	240,921
Elegancia Steel Trading W.L.L.	–	70,200	–	3,500
Urbacon Workshop Department (A Branch of Urbacon Trading and Contracting Company W.L.L.)	–	–	–	13,980,125
Elegancia Electro Mechanical Services W.L.L.	–	–	–	323,680
Elegancia Gabro Trading and Transport W.L.L.	–	–	–	102,306
Elegancia Stone for Marble & Granite Trading W.L.L.	–	–	–	14,681
Retaj Baywalk Residence W.L.L.	–	–	–	8,000
Others				
Mr. Moutaz Mohammad Al Khayyat	–	–	445,782	–
	39,430,135	43,713,540	34,754,515	45,769,264

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

b) Due from related parties

	2022 QR	2021 QR
Yemek Doha Catering Services W.L.L.	9,197,873	4,385,838
Aura Hospitality and Food Services W.L.L.	7,612,751	4,200,713
Elegancia Landscape W.L.L.	4,868,215	3,896,269
Urbacon Trading and Contracting W.L.L.	3,942,427	–
Aura Entertainment W.L.L.	2,164,503	980,540
Widam Food Company Q.P.S.C.	1,449,396	760,000
Sazeli Restaurant W.L.L.	704,466	557,636
Printshop for Printing Services W.L.L.	309,620	289,025
Damasca Restaurant W.L.L.	142,506	161,876
Urbacon Plant, Machinery and Vehicles (A Branch of Urbacon Trading and Contracting Company W.L.L.)	127,168	50,554
Retaj Baywalk Residence W.L.L.	92,000	24,000
Orient Pearl Restaurant L.L.C.	68,695	70,005
Elegancia Group W.L.L.	29,878	–
As at 31 December	30,709,498	15,376,456

c) Due to related parties

	2022 QR	2021 QR
Elegancia Electro Mechanical Services W.L.L.	3,301,774	2,375,529
Joury Tour & Travels W.L.L.	564,327	185,393
Credo Trading Company W.L.L.	211,786	–
Elegancia Steel Trading W.L.L.	167,785	125,308
General Pension and Social Security Authority	30,720	15,729
Assets Real Estate Development Co. WLL	1,066	255,921
Urbacon Workshop Department (A Branch of Urbacon Trading and Contracting Company W.L.L.)	–	5,857,181
Urbacon Trading and Contracting W.L.L.	–	5,205,487
Aalaf Qater W.L.L.	–	401,839
Elegancia Hospitality Services W.L.L.	–	162,227
Others	5,825	5,825
As at 31 December	4,283,283	14,590,439

d) Compensation of key management personnel

	2022 QR	2021 QR
Salaries and short-term benefits	15,094,987	13,774,249
Employees' end of service benefits	497,718	417,287
	15,592,705	14,191,536

30. Dividend

On 20 April 2021, the General Assembly approved the final dividend of QR 100,753,000, equivalent to QR 0.053 per share.

On 20 April 2022, the General Assembly approved the final dividend of QR 100,753,000, equivalent to QR 0.053 per share.

31. Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk
- Capital risk

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board has established a finance committee which is responsible for developing and monitoring the Group's risk management strategy and policies. The committee reports regularly to the board of directors on its activities. There have been no changes to the Group's exposures to risk or the methods used to measure and manage these risks during the year.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in the light of the risks faced by the Group.

The Group's financial instruments consists mainly of due from related parties, trade and other debit balances, cash and bank balances, borrowings, bank overdrafts, trade and other credit balances, lease liabilities and due to related parties.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, equity price and finance costs will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

Currency risk

The Group manages its currency risk by regularly assessing current and expected foreign currency exchange rate movements. Management believes that there is minimal risk of significant losses since most of the foreign currency rates are constant against Qatari Riyal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

31. Financial risk management (continued)

Finance rate risk

The Group is exposed to finance rate risk as it borrows funds at both fixed and floating finance rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate.

For financing, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting finance rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in finance rates.

At 31 December 2022, if finance rates on QR denominated financing had been 25 basis point higher/lower with all other variables held constant, profit for the year would have been QR 4,770,052 (2021: QR 3,491,728) lower/higher, mainly as a result of higher/lower finance expense on borrowings.

The Group's exposures to finance rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty.

Credit risk arises on trade receivables, government support, due from related parties and bank balances.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Bank balances are held with reputed banks in and outside Qatar. Given this, management do not expect these banks to fail on their obligations.

Trade receivables have adopted the same simplified approach and loss allowance is calculated based on lifetime expected credit losses. Contract assets and trade receivables are determined to have the same credit risk exposures as fundamentally based on the same customers.

The Company's maximum exposure to credit risk as at the reporting date is the carrying amount of its financial assets, which are the following:

		12 month or lifetime ECL	Gross carrying amount QR	Loss allowance QR	Net carrying amount QR
2022	Note				
Trade receivables	18	Lifetime ECL	112,698,039	(486,678)	112,211,361
Due from related parties	29	Lifetime ECL	30,709,498	–	30,709,498
Government support	18	Lifetime ECL	110,883,058	–	110,883,058
Bank balances	19	12-month ECL	61,775,748	–	61,775,748
2021	Note	12 month or lifetime ECL	Gross carrying amount QR	Loss allowance QR	Net carrying amount QR
Trade receivables	18	Lifetime ECL	80,308,799	(1,040,099)	79,268,700
Due from related parties	29	Lifetime ECL	15,376,456	–	15,376,456
Government support	18	Lifetime ECL	122,425,032	–	122,425,032
Bank balances	19	12-month ECL	51,878,319	–	51,878,319

Trade receivables

The following table provides information about the exposure to credit risk and ECLs for trade receivables from customers as at 31 December

	Days past due						Total
	Up to 30 days QR	31 – 60 days QR	61-90 days QR	91-120 days QR	121-365 days QR	Over 365 days QR	
2022							
Expected credit loss rate	–	–	–	–	63%	100%	
Gross carrying amount	93,649,407	13,761,502	3,188,390	1,396,990	588,784	112,966	112,698,039
Loss allowance	–	–	–	–	(373,712)	(112,966)	(486,678)
Net trade receivables	93,649,407	13,761,502	3,188,390	1,396,990	215,072	–	112,211,361

	Days past due						Total
	Up to 30 days QR	31 – 60 days QR	61-90 days QR	91-120 days QR	121-365 days QR	Over 365 days QR	
2021							
Expected credit loss rate	–	–	–	–	52%	100%	
Gross carrying amount	70,266,047	6,937,694	1,268,949	585,472	437,119	813,518	80,308,799
Loss allowance	–	–	–	–	(226,581)	(813,518)	(1,040,099)
Net trade receivables	70,266,047	6,937,694	1,268,949	585,472	210,538	–	79,268,700

Due from related parties

Management believes that there is no credit risk due from the related parties, because these counter parties are under the control of the shareholders of the Company. As a result, they did not record any allowance for impairment loss under the ECL for the current year and previous year.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below summarises the maturities of the Group's financial liabilities at 31 December 2022 and 2021:

	Less than 1 year QR	Between 1 and 2 years QR	Between 2 and 5 years QR	Over 5 years QR	Total QR
2022					
Financing	174,331,914	133,684,616	346,857,696	1,153,653,811	1,808,528,037
Bank overdraft	99,492,839	–	–	–	99,492,839
Trade and other payables	239,693,454	–	–	–	239,693,454
Due to related parties	4,283,283	–	–	–	4,283,283
Lease liabilities	15,186,935	731,110	240,457	7,833,794	23,992,296
	532,988,425	134,415,726	347,098,153	1,161,487,605	2,175,989,909

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

31. Financial risk management (continued)

2021	Less than 1 year QR	Between 1 and 2 years QR	Between 2 and 5 years QR	Over 5 years QR	Total QR
Financing	129,321,755	66,062,500	281,250,000	846,015,024	1,322,649,279
Bank overdraft	74,041,899	–	–	–	74,041,899
Trade and other payables	177,030,835	–	–	–	177,030,835
Due to related parties	14,590,439	–	–	–	14,590,439
Lease liabilities	14,016,925	13,408,396	7,965,206	7,030,802	42,421,329
	409,001,853	79,470,896	289,215,206	853,045,826	1,630,733,781

Capital risk

The Group's objective when managing capital is to ensure its ability to maintain a strong credit rating and healthy capital ratios in order to support its business to provide returns for its shareholders and to provide best returns on capital investment by pricing goods and services commensurately with the level of risk.

The Group sets the amount of capital funds in accordance with the planned level of operations and in proportion to the levels of risk. The Group manages the shareholder's funds and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or realise assets in order to reduce debt. The Group's equity comprises share capital, legal reserve, retained earnings and acquisition reserve is measured at QR 2,248,875,152 (2021: QR 2,271,031,719).

The Group is not subject to externally-imposed capital requirements.

32. Segment reporting

The group has single significant business operation which is an agricultural activity of production and sales of dairy product in addition to other related products and activities. All other business segments are not significant.

33. Fair value measurements

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the financial assets held at fair value through profit of loss and biological assets by following valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 December, the Group held the following financial and non-financial assets measured at fair value:

	2022 QR	Level 1 QR	Level 2 QR	Level 3 QR
Financial asset				
Financial investments held at fair value through profit or loss	218,124,952	218,124,952	–	–
Non-financial assets				
Biological assets	220,755,140	–	220,755,140	–
	2021 QR	Level 1 QR	Level 2 QR	Level 3 QR
Financial asset				
Financial investments held at fair value through profit or loss	144,060,018	144,060,018	–	–
Non-financial assets				
Biological assets	198,285,414	–	198,285,414	–

Biological assets are measured at fair value less cost to sell, based on local and international market prices, whenever available, of livestock of similar age, breed and genetic merit with adjustments, where necessary, to reflect the differences.

The fair value of immature livestock is determined by reference to meat price of veal, adjusted to reflect the age of the calves and to the landed cost of a heifer by reference to the recent purchases of the Group. The fair value of mature cows is determined by reference to latest landed cost of a heifer by reference to the recent purchases adjusted to reflect the decline in productivity through the lactation cycles, the meat price at the point of slaughter.

During the year ended to 31 December 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements on Biological asset. There were no movements within Level 3 fair value measurements.

34. Commitments and contingencies

As at 31 December 2022, the Group has contingent liabilities in respect of various banks' letters of credit and other guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise are as follows:

	2022 QR	2021 QR
Guarantees and letters of credit	54,799,196	52,311,928

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

35. Social and sports fund

In accordance with Law No. 13 of 2008, the Group is required to provide a provision for the support of sports, social, cultural, and charitable activities with an amount equivalent to 2.5% of the annual net profit. This social and sports contribution is considered as an appropriation of retained earnings of the Group and presented in the consolidated statement of changes in shareholders equity.

36. Subsequent events

There were no significant events after the reporting date, which have a bearing on these financial statements.

37. Comparative figure

Certain comparative amounts in the Group's consolidated financial statements and notes to the consolidated financial statements have been reclassified to conform to the current year's presentation. This reclassification does not impact on net assets or equity.



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Baladna Annual Report 2022