

CHAIRMAN'S REPORT

Dear Shareholders,

It is once again our pleasure to share with you the business highlights of Dubai Refreshment PJSC (DRC) for the year 2023.

I am happy to report that 2023 was a year where we made great progress on several fronts, which translated into very strong financial results for the year. On the core business strong account acquisitions coupled with successful role out of Pepsi Zero and Lipton Zero led to strong gains on the core business which translated into strong local volume growth of 9%. We will continue to remain very competitive in this area to protect our market share while we expand in the growing zero sugar segment through continued product innovations such as the newly launched Mountain Dew Zero.

Our portfolio of relatively new products such as Gatorade, Aquafina glass and Britvic mixers range continue to grow at healthy rates and we are expecting this growth to continue behind distribution expansion, product innovation and continued marketing activation. These categories should become significant profit contributors in the future.

In last year's report we had mentioned that we were working on several growth opportunities with our partners. These efforts produced some important results in 2023 with DRC signing and executing an agreement with PepsiCo to store and deliver PepsiCo's range of snacks brands in the UAE. This range includes world leading brands such as Lays, Doritos and Cheetos among others. It is an important addition to DRC's business which promises to deliver significant growth to DRC profitability in the years ahead. Furthermore, we continue to explore additional opportunities with PepsiCo in this area and I hope we will be able to announce further cooperation in the future.

Assets

2023 saw two significant assets transactions that had significant impact on DRC operation and profitability. In June 2023 DRC sold its old manufacturing site on Sheikh Zayed road for AED 252 Million realizing a onetime profit of AED 220 million on the transaction. With the move to DIP in 2016, the Sheikh Zayed site became under utilized from an operational point of view and the sale allowed us to unlock the value of the property to the benefit of shareholders.

By contrast our growing business in Sharjah and Northern Emirates required DRC to make a long term investment in an appropriate distribution center. It is with great pride that we inaugurated the new DRC distribution center in Sharjah Industrial 17 on November 21, 2023. The new site will help us provide outstanding service to over 40% of our customers.

Revenues

DRC achieved total net revenues of AED 803 million versus AED 752 million in 2022 which represents an increase of 7%. Most of this growth has come due to strong results in travel, restaurant and hotel sectors supported by strong share performance in retail sector. Diet drinks, Lipton, Gatorade and Aquafina Glass all delivered strong double digit growth.

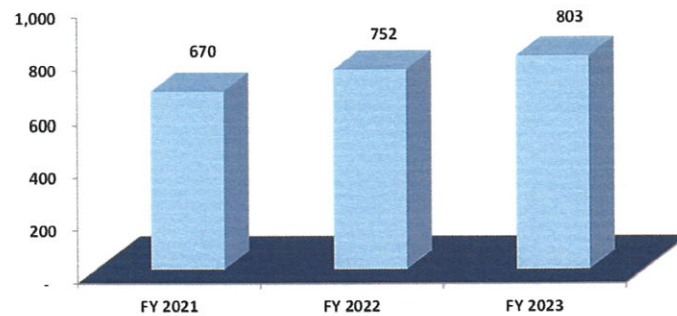




دبي للمرطبات (ش.م.ع.)
DUBAI REFRESHMENT (P.J.S.C.)®

P.O. Box 420, Dubai - U.A.E
Tel.: +971 4 802 5000
Fax: +971 4 802 5098
Email: info@pepsidrc.ae
Call Center: 800 73774
www.pepsidrc.com

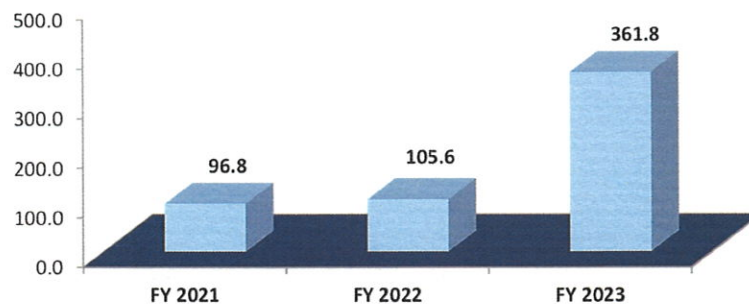
(AED Millions) Net Revenue (after IFRS 15 adjustment for years 2021, 2022 and 2023)



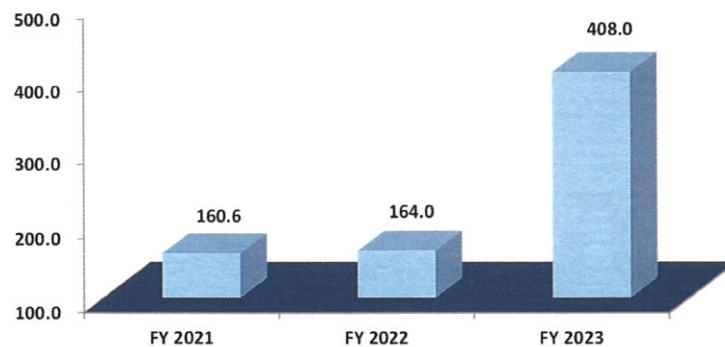
Profitability

Total net profit for 2023 grew 242% to reach AED 361.8 million vs. AED 105.6 million in 2022. Profit was aided by a one time gain of AED 220 million for the sale of Al Quoz Land. Without this gain net profit was AED 141.6 million compared to AED 105.6 million in 2022, (+34%). Profit was driven by strong beverage volume growth, revenues from the new snacks operation and higher interest revenues on company cash.

(AED Millions) Net Profit



(AED Millions) EBITDA (after IFRS 16 adjustment for years 2021, 2022 and 2023)





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Cash Flow

In 2023, DRC generated AED 153.3 million cash from operations, and paid AED 63 million in dividends to shareholders. An additional gain of AED 220 million was generated from the sale of land. Net cash generated after dividends and other payments amounted to AED 152 million. DRC held AED 406 million in cash and cash equivalents at the end of 2023 and cash and bank balances including short term deposits amounted to AED 558 million as of 31 December 2023 and has no outstanding loans.

Future Growth

As mentioned previously, DRC Board and management continue to be focused on driving future profitable growth through organic business growth as well as unlocking new business opportunities with existing and new partners. The results we have been able to achieve over the last couple of years and the cash we have been able to accumulate in the company put us in great position to capitalize on any opportunity that may arise. We are already working on some of these opportunities, and we hope that some of them will materialize in the near future. We look forward to sharing with you news about these new initiatives as soon as they materialize.

On behalf of the Board of Directors, I would like to express my gratitude and appreciation to the leaders of the UAE, His Highness Sheikh Mohamed Bin Zayed Al Nahyan, President of the UAE and Sheikh Mohammed Bin Rashid Al Maktoum, Vice President, Prime Minister of the UAE and ruler of Dubai and their brothers, members of Federal Supreme Council for providing us with the business environment and the policies that are necessary to build strong and prosperous nation where we can all thrive. In view of all the challenges happening in the world around us, the UAE continues to shine and continues to deliver to all its residents a better life and hope for a better future. This would not be possible without strong and visionary leadership.

In addition, I would like to thank all the people who continue to provide their support and demonstrate their commitment and dedication towards achieving our objectives. Our employees, shareholders, customers, suppliers, and business partners are all equally important to us in our efforts to seek a better future for all.

Thank you.

On behalf of the Board of Directors,

Mr. Ahmad Bin Eisa Alserkal
Chairman of Board of Director



Dubai Refreshment (P.J.S.C.)
Reports and financial statements
for the year ended 31 December 2023

Dubai Refreshment (P.J.S.C.)

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Dubai Refreshment (P.J.S.C.)
Dubai
United Arab Emirates

Opinion

We have audited the financial statements of **Dubai Refreshment (P.J.S.C.)** (the “Company”), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

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

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 financial statements section of our report. We are independent of the Company in accordance with the international Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (the “IESBA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Dubai Refreshment (P.J.S.C.) (continued)

Key audit matters

Key audit matter

How was the matter addressed in our audit

General IT Controls

We identified IT systems and controls over Dubai's Refreshment Company's financial reporting as an area of focus due to the extensive volume and variety of transactions which are processed daily by the Company and rely on the effective operation of automated and IT dependent manual controls. There is a risk that automated accounting procedures and related internal controls are not accurately designed and operating effectively. In particular, the incorporated relevant controls are essential to limit the potential for fraud and error as a result of a change to an application or underlying data.

Our audit approach relies on automated controls and therefore the following procedures were designed to test access and control over IT systems:

We obtained an understanding of the applications relevant to significant business processes, financial reporting and the infrastructure supporting these applications.

We tested IT general controls relevant to automated controls and computer-generated information covering access security, program changes, data center and network operations.

We examined computer generated information used in financial reports from relevant applications and key controls over their report logics.

We performed testing on the key automated controls on significant IT systems relevant to business processes.

Other information

Other information consists of the information included in the Company's 2023 Annual Report other than the financial statements and our auditors' report thereon. We obtained the report of the Chairman's report prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Company's 2023 Annual Report after the date of our auditors' report. Management is responsible for the other information.

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

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



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Dubai Refreshment (P.J.S.C.) (continued)

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and in compliance with the applicable provisions of the Company's Articles of Association and the UAE Federal Decree Law No. (32) of 2021, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Dubai Refreshment (P.J.S.C.) (continued)

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

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

Report on Other Legal and Regulatory Requirements

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

- we have obtained all the information we considered necessary for the purposes of our audit;
- the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Company's Articles of Association and the UAE Federal Decree Law No. (32) of 2021;
- the financial information included in the Chairman's report is consistent with the books of account and records of the Company;
- investments in shares and stocks are included in note 8 to the financial statements and include purchases and investments made by the Company during the year ended 31 December 2023;
- note 19 reflects the disclosures relating to related party transactions and the terms under which they were conducted;
- based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2023 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or of its Article of Association which would materially affect its activities or its financial position as at 31 December 2023; and
- note 24 reflects the social contributions recorded during the year.

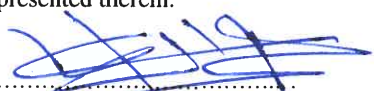
Deloitte & Touche (M.E.)

Firas Anabtawi
Registration No. 5482
20 February 2024
Dubai
United Arab Emirates

**Statement of financial position
as at 31 December 2023**

	Notes	2023 AED'000	2022 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	5(a)	536,410	573,138
Investment property	5(b)	14,946	14,946
Right-of-use assets	6	79,149	91,299
Intangible assets	7	3,995	4,780
Investment in financial assets	8	94,952	112,255
Total non-current assets		729,452	796,418
Current assets			
Inventories	9	75,175	69,467
Trade and other receivables	10	218,041	190,020
Cash and bank balances	11	557,714	254,331
Total current assets		850,930	513,818
Total assets		1,580,382	1,310,236
EQUITY AND LIABILITIES			
Equity			
Share capital	12	90,000	90,000
Statutory reserve	13	45,000	45,000
General reserve	14	618,401	618,401
Fair value reserve	15	63,869	81,172
Cash flow hedge reserve		1,062	252
Retained earnings		435,097	140,522
Total equity		1,253,429	975,347
Non-current liabilities			
Provision for employees' end of service indemnity	17	33,512	31,381
Lease liabilities - non-current portion	21	80,287	87,190
Total non-current liabilities		113,799	118,571
Current liabilities			
Trade and other payables	20	203,925	202,406
Lease liabilities - current portion	21	9,229	13,912
Total current liabilities		213,154	216,318
Total liabilities		326,953	334,889
Total equity and liabilities		1,580,382	1,310,236

To the best of our knowledge, the financial information included in these financial statements fairly presents in all material respects the financial condition, results of operation and cash flows of the Company as of, and for, the periods presented therein.


Mr. Ahmad Bin Eisa Al Serkal
Chairman


Mr. Nawwaf Ghubash Ahmed Ghubash Al Marri
Director

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

**Statement of profit or loss
for the year ended 31 December 2023**

	Notes	2023 AED'000	2022 AED'000
Revenue	22	803,068	752,173
Cost of sales		(518,205)	(491,943)
Gross profit		284,863	260,230
Other operating income		8,183	9,177
Selling and distribution expenses		(117,690)	(107,791)
General and administrative expenses		(61,504)	(57,528)
Amortisation of intangible assets	7	(1,791)	(3,741)
Operating income		112,061	100,347
Finance income		13,115	2,277
Finance costs		(84)	(78)
Lease interest costs	21	(3,476)	(3,695)
Dividend income	19	4,047	4,047
Gain on sale of a property	5a	220,188	-
Other income	23	15,924	2,751
Profit for the year		361,775	105,649
Earnings per share in AED	18	3.97	1.13

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

**Statement of comprehensive income
for the year ended 31 December 2023**

	2023 AED'000	2022 AED'000
Profit for the year	361,775	105,649
Other comprehensive income/(loss)		
<i>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:</i>		
Change in fair value of investment securities measured at FVOCI, equity instruments (Note 8)	(17,303)	(6,441)
Change in fair value of cash flow hedges	810	431
Total other comprehensive loss	(16,493)	(6,010)
Total comprehensive income for the year	345,282	99,639

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

**Statement of changes in equity
for the year ended 31 December 2023**

	Share capital AED'000	Statutory reserve AED'000	General reserve AED'000	Fair value reserve AED'000	Cash flow hedge reserve AED'000	Retained earnings AED'000	Total AED'000
At 1 January 2022	90,000	45,000	618,401	87,613	(179)	102,073	942,908
Profit for the year	-	-	-	-	-	105,649	105,649
Other comprehensive (loss)/income	-	-	-	(6,441)	431	-	(6,010)
Total comprehensive (loss)/income for the year	-	-	-	(6,441)	431	105,649	99,639
Dividends paid (Note 16)	-	-	-	-	-	(63,000)	(63,000)
Directors' fees (Note 20)	-	-	-	-	-	(4,200)	(4,200)
At 31 December 2022	90,000	45,000	618,401	81,172	252	140,522	975,347
Profit for the year	-	-	-	-	-	361,775	361,775
Other comprehensive (loss)/income	-	-	-	(17,303)	810	-	(16,493)
Total comprehensive (loss)/income for the year	-	-	-	(17,303)	810	361,775	345,282
Dividends paid (Note 16)	-	-	-	-	-	(63,000)	(63,000)
Director fees (Note 20)	-	-	-	-	-	(4,200)	(4,200)
At 31 December 2023	90,000	45,000	618,401	63,869	1,062	435,097	1,253,429

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

**Statement of cash flows
for the year ended 31 December 2023**

	2023 AED'000	2022 AED'000
Cash flows from operating activities		
Profit for the year	361,775	105,649
Adjustments for:		
Depreciation on property, plant and equipment (Note 5a)	39,475	38,991
Amortisation of intangible assets (Note 7)	1,791	3,741
Depreciation on right-of-use assets (Note 6)	14,821	14,111
Finance income	(13,115)	(2,277)
Finance expense	84	78
Interest and other expense on lease (Note 6)	3,476	3,695
Gain on sale of assets	(219,835)	(301)
Gain on de-recognition of lease	(4,667)	-
Dividend income (Note 19)	(4,047)	(4,047)
Allowance for expected credit loss (Note 10)	1,409	962
Provision for employees' end of service benefits (Note 17)	3,884	4,680
Operating cash flows before changes in operating assets and liabilities	185,051	165,282
(Increase)/decrease in inventories	(5,708)	7,493
(Increase)/decrease in trade and other receivables	(26,630)	9,520
Increase in trade and other payables	2,329	34,983
Cash generated from operations	155,042	217,278
Employees' end of service indemnity paid (Note 17)	(1,753)	(1,376)
Net cash generated from operating activities	153,289	215,902
Cash flows from investing activities		
Purchase of property, plant and equipment (Note 5a)	(31,704)	(40,605)
Purchase of intangible assets (Note 7)	(139)	(307)
Proceeds from disposal of right of use assets	1,100	-
Proceeds from disposal of property, plant and equipment	247,925	411
Dividend income, (Note 19)	4,047	4,047
Finance income	13,115	2,277
Increase in bank deposits	(151,427)	-
Net cash generated from / (used in) investing activities	82,917	(34,177)
Cash flows from financing activities		
Director fees paid	(4,200)	(4,200)
Dividends paid (Note 16)	(63,000)	(63,000)
Finance expense, paid	(84)	(78)
Lease payments (Note 21)	(16,966)	(15,932)
Net cash used in financing activities	(84,250)	(83,210)
Net increase in cash and cash equivalents	151,956	98,515
Cash and cash equivalents at the beginning of the year	254,331	155,816
Cash and cash equivalents at the end of the year (Note 11)	406,287	254,331
Supplemental disclosure of non-cash investing activity		
Transfer of property, plant and equipment to intangible assets (Note 5 & 7)	867	-

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

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

1. Legal status and activities

Dubai Refreshment (P.J.S.C) (the “Company”) was incorporated in Dubai in 1959 by a Decree issued by His Highness The Ruler of Dubai. The Company is listed on the Dubai Financial Market (“DFM”). The registered address of the Company is P.O. Box 420, Dubai, United Arab Emirates.

The Company is engaged in bottling and selling Pepsi Cola International products in Dubai, Sharjah and the other Northern Emirates of UAE. The Company also exports Pepsi Cola International products from time to time to foreign countries after obtaining authorisation from Pepsi Cola International. The Company holds 7Up and Aquafina bottling and selling rights for the whole of the UAE.

Federal Law No. 32 of 2021 on Commercial Companies (the “New Companies Law”) was issued on 20 September 2021 and has come into effect on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended (the “2015 Law”).

2. Application of new and revised Standards

2.1 New and amended IFRS Accounting Standards that are effective for the current period

In the current period, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2023.

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these financial statements. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

New and revised IFRS

Summary

IFRS 17 *Insurance Contracts*

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as of 1 January 2023.

Amendments to IFRS 17 *Insurance Contracts*

Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 *Insurance Contracts* was published in 2017. The main changes are:

- Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023.
- Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk.
- Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination.

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

2. Application of new and revised Standards (continued)

2.1 New and amended IFRS Accounting Standards that are effective for the current period (continued)

New and revised IFRS	Summary
Amendments to IFRS 17 <i>Insurance Contracts</i> (continued)	• Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level. • Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements. • Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives. • Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held. • Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts. • Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.
Amendment to IFRS 17 <i>Insurance Contracts</i> Initial Application of IFRS 17 and IFRS 9 - Comparative Information	The amendment permits entities that first apply IFRS 17 and IFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before.
Amendments to IFRS 4 <i>Insurance Contracts</i> Extension of the Temporary Exemption from Applying IFRS 9	The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.
Amendments to IAS 1 <i>Presentation of Financial Statements</i> and IFRS Practice Statement 2	The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

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

2. Application of new and revised Standards (continued)

2.1 New and amended IFRS Accounting Standards that are effective for the current period (continued)

New and revised IFRS	Summary
Amendments to IAS 12 <i>Income Taxes</i> relating to Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.
Amendments to IAS 12 <i>Income Taxes</i> relating to International Tax Reform - Pillar Two Model Rules	The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.
Amendments to IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 January 2023.

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

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
IFRS S1 <i>General Requirements for Disclosure of Sustainability-related Financial Information</i>	1 January 2024
IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.	
IFRS S2 <i>Climate-related Disclosures</i>	1 January 2024
IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.	

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

2. Application of new and revised Standards (continued)

2.2 New and revised IFRS Accounting Standards in issue but not yet effective and not early adopted (continued)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IAS 1 <i>Presentation of Financial Statements</i> relating to Classification of Liabilities as Current or Non-Current The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments also defer the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2024.	1 January 2024
Amendments to IFRS 16 <i>Leases</i> relating to Lease Liability in a Sale and Leaseback The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.	1 January 2024
Amendments to IAS 1 <i>Presentation of Financial Statements</i> relating to Non-current Liabilities with Covenants The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.	1 January 2024
Amendments to IAS 7 <i>Statement of Cash Flows</i> and IFRS 7 <i>Financial Instruments: Disclosures</i> relating to Supplier Finance Arrangements The amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.	1 January 2024
Amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i> relating to Lack of Exchangeability The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.	1 January 2025
Amendments to the SASB (Sustainability Accounting Standards Board) standards to enhance their international applicability The amendments remove and replace jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics.	1 January 2025

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

2. Application of new and revised Standards (continued)

2.2 New and revised IFRS Accounting Standards in issue but not yet effective and not early adopted (continued)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> (2011)	Effective date deferred indefinitely. Adoption is still permitted.
The amendments relate to the treatment of the sale or contribution of assets from an investor to its associate or joint venture	

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

3. Summary of material accounting policy information

Basis of preparation

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and applicable requirements of UAE Federal Law No, (32) of 2021, and the Articles of Association of the Company.

The financial statements have been presented in U.A.E. Dirhams, which is the functional and reporting currency of the Company, rounded to the nearest thousand (AED`000), except when otherwise indicated.

The Company's financial statements have been prepared under the historical cost basis except for the following:

- derivative financial instruments are measured at fair value and
- financial assets at fair value through other comprehensive income.

Revenue recognition

Revenue from contract with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company does not have significant financing components.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 120 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

**Notes to the financial statements
for the year ended 31 December 2023 (continued)****3. Summary of material accounting policy information (continued)****Revenue recognition (continued)*****Variable consideration***

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Volume rebates

The Company provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Company 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. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Company then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

Dividend income

Dividend income is recognised when the Company's right to receive the dividend payment is established.

Other income

Income from warehousing and other services is based on the agreement with customers and is recognised at a point in time as and when the service is rendered.

Value-added Tax (VAT)

Expenses, and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or
- When receivables and payables, amounts are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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

3. Summary of material accounting policy information (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Property, plant and equipment are depreciated on a straight-line basis over the assets' estimated useful lives as follows:

Buildings	3 to 30 years
Plant, machinery and equipment	2 to 20 years
Coolers and vending machines	5 to 7 years
Furniture and fixtures	2 years
Freezers	5 years

Land and capital work-in-progress are not depreciated.

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 statement of profit or loss as the expense is incurred.

The carrying values 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 cost to sell and their value in use.

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

Investment property

Investment property is carried at cost, net of any recognised impairment losses.

Cost includes direct costs, professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Impairment of non-financial assets

At each reporting date the Company reviews the carrying amounts of its assets to assess whether there is an indication that those assets may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows attributable to the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss.

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

3. Summary of material accounting policy information (continued)

Impairment of non-financial assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent 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 in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those incurred in bringing each product to its present location and condition, as follows:

- Raw materials - purchase cost on weighted average basis;
- Spares and consumables - purchase cost on weighted average basis;
- Finished goods - cost of direct materials plus an appropriate share of production overheads based on normal operating capacity and is determined on weighted average basis.

Net realisable value is based on the estimated selling price less any further costs expected to be incurred on disposal.

Damaged and obsolete inventories are written off.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, 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 expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category consistent with the function of the intangible asset.

Amortisation is calculated on a straight-line basis over the assets' estimated useful lives as follows:

Franchise and bottling rights	20 years
Lease rights	20 years
Software	5 years

**Notes to the financial statements
for the year ended 31 December 2023 (continued)****3. Summary of material accounting policy information (continued)****Foreign exchange difference**

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except as otherwise stated in the Standards.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

Amortised cost and effective interest rate method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

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

3. Summary of material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item in profit or loss.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables, contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables, cash and bank balances, due from a related party and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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

3. Summary of material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Company employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.

(iii) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(iv) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Derecognition of financial assets

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

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

3. Summary of material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets (continued)

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Fair value measurement

The Company measures financial instruments, such as derivatives and investment securities at fair value at each reporting date.

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

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

**Notes to the financial statements
for the year ended 31 December 2023 (continued)****3. Summary of material accounting policy information (continued)****Fair value measurement (continued)**

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

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

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

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

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

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

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

For the purpose of fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature. Characteristics and risks of the assets or liabilities and the level of the fair value hierarchy, as explained above.

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

**Notes to the financial statements
for the year ended 31 December 2023 (continued)****3. Summary of material accounting policy information (continued)****Current versus non-current classification (continued)**

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Provision for end of service benefits

The Company provides end of service benefits for its expatriate employees in accordance with U.A.E. Labour Law. The entitlement to these benefits is based upon the employees' length of service and completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company 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.

Leases*The Company as lessee*

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

**Notes to the financial statements
for the year ended 31 December 2023 (continued)****3. Summary of material accounting policy information (continued)****Leases (continued)***The Company as lessee (continued)*

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

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

Corporate income tax

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

Generally, UAE businesses will be subject to a 9% CT rate, however a rate of 0% will be applied to taxable income not exceeding AED 375,000 or to certain types of entities, as prescribed by way of a Cabinet Decision.

As the Company's accounting year ends on 31 December, accordingly the effective implementation date for the Company will start from 1 January 2024 to 31 December 2024, with the first return to be filed on or before 30 September 2025.

The Company is currently assessing the impact of these laws and regulations and will apply the requirements as they come into effect.

4. Critical accounting judgments and key sources of estimation uncertainty

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant impact on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

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).

Discounting of lease payments

The lease payments are discounted using the Company's incremental borrowing rate ("IBR"). For calculation of IBR, the Company has taken the borrowing rate as on the transition date and the rate is adjusted for Company's specific risk, term risk and underlying asset risk.

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

4. Critical accounting judgments and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a risk of causing an adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Calculation of loss allowance

When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Calculation of sales discount and volume rebates

For assessing the expected amount of rebates and discounts at year end, the management considers all the information that is reasonably available to them and shall identify a possible amount using the benchmarks mentioned in the sales contract.

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

5(a) Property, plant and equipment

	Land AED'000	Buildings AED'000	Plant, machinery and equipment AED'000	Coolers and vending machines AED'000	Furniture and fixture AED'000	Freezer AED'000	Capital work-in progress AED'000	Total AED'000
Cost								
At 1 January 2022	38,041	493,489	364,679	81,777	9,860	1,166	1,680	990,692
Additions	22,101	245	6,293	7,154	105	-	4,707	40,605
Transfers during the year	-	139	1,116	14	-	-	(1,269)	-
Reclassified to investment property	(14,946)	-	-	-	-	-	-	(14,946)
Disposals	-	(184)	(957)	(1,357)	(347)	(896)	-	(3,741)
At 31 December 2022	45,196	493,689	371,131	87,588	9,618	270	5,118	1,012,610
Additions	-	18,438	6,188	6,557	482	-	39	31,704
Transfers during the year	-	3,332	465	-	-	-	(4,664)	(867)
Disposals	(23,096)	(35,697)	(4,946)	(1,065)	(458)	-	(283)	(65,545)
Write-off	-	-	(5,236)	(25,772)	-	-	-	(31,008)
At 31 December 2023	22,100	479,762	367,602	67,308	9,642	270	210	946,894

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

5(a) Property, plant and equipment (continued)

	Land AED'000	Buildings AED'000	Plant, machinery and equipment AED'000	Coolers and vending machines AED'000	Furniture and fixture AED'000	Freezer AED'000	Capital work-in progress AED'000	Total AED'000
Accumulated depreciation								
At 1 January 2022	-	125,428	197,903	70,230	9,584	967	-	404,112
Charge for the year (Note 24)	-	16,258	17,531	4,854	253	95	-	38,991
Eliminated on disposals	-	(184)	(958)	(1,346)	(347)	(796)	-	(3,631)
At 31 December 2022	-	141,502	214,476	73,738	9,490	266	-	439,472
Charge for the year (Note 24)	-	16,035	18,230	5,020	186	4	-	39,475
Eliminated on disposals	-	(32,022)	(4,404)	(1,061)	(458)	-	-	(37,945)
Write-off	-	-	(5,205)	(25,313)	-	-	-	(30,518)
At 31 December 2023	-	125,515	223,097	52,384	9,218	270	-	410,484
Carrying value								
At 31 December 2023	22,100	354,247	144,505	14,924	424	-	210	536,410
At 31 December 2022	45,196	352,187	156,655	13,850	128	4	5,118	573,138

The fully depreciated assets still in use amounting to AED 197,992 thousand (2022: AED 235,090 thousand).

During the year ended 31 December 2023, the Company disposed a property situated in Al Quoz First, Dubai. This decision was approved by the shareholders during the Annual General Meeting held on 14th June 2023. The property had a carrying value of AED 26.8 million at the time of the transaction and was sold at a price of AED 252 million.

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

5(a) Property, plant and equipment (continued)

Depreciation charge for the year has been allocated as follows:

	2023 AED'000	2022 AED'000
Cost of sales (Note 24)	23,649	23,809
Selling and distribution expenses	10,413	10,184
General and administrative expenses	5,413	4,998
	39,475	38,991

5(b) Investment property

	2023 AED'000	2022 AED'000
Balance at 31 December	14,946	14,946

Investment property represents a plot land in Business Bay, Dubai UAE. The fair value of the investment property at 31 December 2023 was estimated to be AED 195 million (2022: AED 88.9 million). During the year, the rental income from this land plot was AED 1,800,000 (2022: AED 1,800,000).

As permitted by IAS 40 *Investment Property*, the Company has chosen to carry Investment Properties under the “cost model”. The Company therefore has disclosed the “fair values” of these investment properties. The “fair values” disclosed have been arrived at on the basis of a valuation carried out by an independent valuer. The fair value of the investment properties have been classified under level 3 of valuation hierarchy.

6. Right-of-use assets

The Company leases several assets including land, motor vehicles and accommodation. The average lease term is 5 years.

	Right-of-use assets			
	Land and building AED'000	Equipment AED'000	Motor vehicles AED'000	Total AED'000
1 January 2022	80,781	27	16,781	97,589
Additions	-	-	7,821	7,821
Depreciation expense (Note 24)	(5,201)	(27)	(8,883)	(14,111)
	75,580	-	15,719	91,299
31 December 2022	75,580	-	15,719	91,299
Additions	-	695	7,125	7,820
Disposal	(5,149)	-	-	(5,149)
Depreciation expense (Note 24)	(5,079)	(132)	(9,610)	(14,821)
	65,352	563	13,234	79,149
31 December 2023	65,352	563	13,234	79,149

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

6. Right-of-use asset (continued)

Amounts recognised in profit or loss:

	2023 AED'000	2022 AED'000
Depreciation expense on right-of-use assets	14,821	14,111
Interest expense on lease liabilities (Note 21)	3,476	3,695
	<u>18,297</u>	<u>17,806</u>

7. Intangible assets

	Franchise and bottling rights AED'000	Lease rights AED'000	Software AED'000	Total AED'000
Cost				
At 1 January 2022	62,391	7,000	24,264	93,655
Additions	-	-	307	307
	<u>62,391</u>	<u>7,000</u>	<u>24,571</u>	<u>93,962</u>
At 31 December 2022	62,391	7,000	24,571	93,962
Additions	-	-	139	139
Transfer from property, plant and equipment (Note 5a)	-	-	867	867
	<u>62,391</u>	<u>7,000</u>	<u>25,577</u>	<u>94,968</u>
At 31 December 2023	62,391	7,000	25,577	94,968
Amortisation				
At 1 January 2022	58,492	3,003	23,946	85,441
Charge for the year	3,119	350	272	3,741
	<u>61,611</u>	<u>3,353</u>	<u>24,218</u>	<u>89,182</u>
At 31 December 2022	61,611	3,353	24,218	89,182
Charge for the year	780	350	661	1,791
	<u>62,391</u>	<u>3,703</u>	<u>24,879</u>	<u>90,973</u>
At 31 December 2023	62,391	3,703	24,879	90,973
Net book value				
At 31 December 2023	-	3,297	698	3,995
	<u>780</u>	<u>3,647</u>	<u>353</u>	<u>4,780</u>
At 31 December 2022	780	3,647	353	4,780

8. Investment in financial assets

	2023 AED'000	2022 AED'000
Balance at 1 January	112,255	118,696
Change in market fair value	(17,303)	(6,441)
	<u>94,952</u>	<u>112,255</u>
Balance at 31 December	94,952	112,255

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

9. Inventories

	2023 AED'000	2022 AED'000
Raw material and consumables	44,087	40,925
Finished goods	24,821	22,888
Spare parts and supplies	8,012	7,399
	76,920	71,212
Less: Provision for slow moving spare parts and supplies	(1,745)	(1,745)
	75,175	69,467

Movements in the provision for slow moving spare parts and supplies inventories were as follows:

	2023 AED'000	2022 AED'000
At 1 January	1,745	1,745
At 31 December	1,745	1,745

During the year ended 31 December 2023, the carrying amount of raw material recognised as an expense and included as part of cost of goods sold in the statement of profit or loss amounts to AED 442.68 million (2022: AED 420.05 million).

10. Trade and other receivables

	2023 AED'000	2022 AED'000
Trade receivables	136,682	114,769
Less: allowance for expected credit loss	(1,820)	(2,957)
	134,862	111,812
Prepaid expenses	7,742	10,326
Advances to suppliers	6,747	7,405
Contract assets	11,143	8,165
Other receivables	56,187	51,080
Positive fair value of derivatives (Note 28)	1,062	252
Due from a related party [Note 19 (c)]	298	980
	218,041	190,020

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

10. Trade and other receivables (continued)

As at 31 December 2023, trade accounts receivable with a nominal value of AED 1.8 million (2022: AED 2.9 million) were impaired. Movements in the allowance for expected credit loss were as follows:

	2023 AED'000	2022 AED'000
At 1 January	2,957	1,995
Charge for the year	1,409	962
Write off during the year against receivable	(2,546)	-
At 31 December	<u>1,820</u>	<u>2,957</u>

As at 31 December, the ageing of trade receivables is as follows:

	Total AED'000	Past due and impaired AED'000	Neither past due nor impaired AED'000	Past due but not impaired			
				<30 days AED'000	30-60 days AED'000	60-90 days AED'000	>90 days AED'000
2023	<u>136,682</u>	<u>1,820</u>	<u>115,881</u>	<u>12,946</u>	<u>4,113</u>	<u>1,318</u>	<u>604</u>
2022	<u>114,769</u>	<u>2,957</u>	<u>95,471</u>	<u>12,244</u>	<u>3,773</u>	<u>324</u>	<u>-</u>

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable given the nature of the business. It is not the practice of the Company to obtain collateral over receivables and the vast majority are, therefore, unsecured.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9 (Note 27):

	Collectively assessed AED'000	Individually assessed AED'000	Total AED'000
Balance as at 1 January 2022	318	1,677	1,995
Write off	-	-	-
Net re-measurement of loss allowance	29	933	962
Balance as at 1 January 2023	<u>347</u>	<u>2,610</u>	<u>2,957</u>
Write off	-	(2,546)	(2,546)
Net re-measurement of loss allowance	124	1,285	1,409
Balance as at 31 December 2023	<u>471</u>	<u>1,349</u>	<u>1,820</u>

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

11 Cash and Bank balances

For the purpose of the statement of cash flows, cash and bank balances comprise the following:

	2023 AED'000	2022 AED'000
Cash at bank and on hand	83,852	67,673
Bank deposits	473,862	186,658
Cash and bank balances	557,714	254,331
Less: Bank deposits with maturity of more than 3 months	(151,427)	-
Cash and cash equivalents	<u>406,287</u>	<u>254,331</u>

Cash and bank balances comprise cash and short-term bank deposits with an original maturity ranging from three months to one year. The carrying amount of these assets is approximately equal to their fair value. Bank deposits carries interest at rates ranging from 5% p.a. to 5.6% p.a. (2022: 3.3% p.a. to 4.5% p.a.).

Balances with banks and short term bank deposits are assessed to have low credit risk of default since these banks are regulated by the Central Bank of the United Arab Emirates. Accordingly, the management of the Company estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. Taking into account the historical default experience and the current credit ratings of the banks, the management of the Company have assessed that the credit risk associated with these is very low, if any, as at the end of reporting period, and hence have not recorded any expected credit loss allowances on these balances.

12. Share capital

	2023 AED'000	2022 AED'000
<i>Authorized issued and fully paid up:</i>		
90 million shares of AED 1 each	<u>90,000</u>	<u>90,000</u>

13. Statutory reserve

In accordance with Article 239 of Commercial Companies Law No. 32 of 2021 and the Company's articles of association, 10% of the annual profit of the Company is required to be transferred to a statutory reserve until the reserve equals 50% of the share capital. No transfer was made to the statutory reserve in 2023 as the reserve has already reached 50% of the share capital. This reserve is not available for distribution except as stipulated by the law.

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

14. General reserve

In accordance with Article 240 of the UAE Commercial Companies Law No. 32 of 2021 and the Company's articles of association, 10% of the Company's net profit may be transferred to a general reserve to be used only for the purposes stated in the Company's article of association.

In accordance with Clause 70 of the Company's article of association, 10% of the net profit for each year should be transferred to this reserve and such transfers may cease when the reserve equals 5% of the paid-up share capital of the Company.

During the Board of Directors' meeting held on 20 February 2024, the Directors have approved not to transfer any amount from retained earnings to general reserve.

15. Fair value reserve

On adoption of IFRS 9, the Company has classified the equity investment securities as measured at FVOCI and re-designated the related fair value reserve accordingly as not to be reclassified to profit and loss in subsequent periods and classified into the statement of other comprehensive income.

16. Dividends

During the Board of Directors' meeting held on 20 February 2024, the Board of Directors' proposed a cash dividend of AED 0.80 per share totalling to AED 72 million relating to 2023 (2022: AED 0.70 per share totalling to AED 63 million relating to 2022). Further, in addition to above, the Board of Directors proposed a one-time special cash dividend of AED 2.4 per share totalling to AED 216 million as a result of the sale of Al Quoz property during 2023 out of which AED 108 million will be paid to shareholders in April 2024 in accordance with SCA regulations and the remaining balance of AED 108 million will be paid in October 2024 through a Board of Directors' resolution to the eligible shareholders in accordance with SCA regulations. Both dividends are subject to the approval of the shareholders in the Annual General Meeting.

During the year, the Company paid dividend of AED 63 million relating to 2022 (2022: paid dividend of AED 63 million relating to 2021).

17. Provision for employees' end of service indemnity

	2023 AED'000	2022 AED'000
Balance at the beginning of the year	31,381	28,077
Charged during the year	3,884	4,680
Payments during the year	(1,753)	(1,376)
Balance at the end of the year	<u>33,512</u>	<u>31,381</u>

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

18. Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to the shareholders of the Company, net of directors' fees, amounting to AED 357.56 million (2022: AED 101.45 million) by the weighted average number of shares outstanding during the year of 90 million shares (2022: 90 million shares).

The Company has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

19. Related party transactions and balances

Related parties represent shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management, which are substantially the same terms as those prevailing at the same time for comparable transactions with un-related parties.

The Company enters into transactions with companies and entities that fall within the definition of a related party as contained in IAS 24 *Related Party Disclosures*. Related parties comprise companies and entities under common ownership and/or common management and control and key management personnel.

The management decides on the terms and conditions of the transactions and of the services received/rendered from/to related parties, as well as on any other charges, which are substantially the same terms as those prevailing at the same time for comparable transactions with un-related parties.

a. Significant transactions with related parties included in the statement of profit or loss are as follows:

	2023	2022
	AED'000	AED'000
Sales to a related party	5,023	2,562
Purchase from a related party	6,369	5,701
Dividend income	4,047	4,047

b. Compensation of key management personnel

The remuneration of directors and other key members of management during the year was as follows:

	2023	2022
	AED'000	AED'000
Short-term benefits	12,337	11,764
Employees' end of service benefits	1,526	928
Director's sitting fee	290	140
	14,153	12,832

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

19. Related party transactions and balances (continued)

c. Significant balances with related parties included in the statement of financial position:

	2023 AED'000	2022 AED'000
<i>Due from a related party</i>		
<i>Other related party (included in trade and other receivables)</i>		
Oman Refreshments Company Limited	298	980
<i>Due to a related party</i>		
<i>Other related party (included in trade and other payables)</i>		
Oman Refreshments Company Limited	1,240	1,066

Amounts due from and due to a related party is not offset as management has assessed that these financial assets and liabilities do not meet the offset criteria described in IAS 32 - *Financial Instruments: Presentation*. Amount due from related parties are interest free and payable on demand.

20. Trade and other payables

	2023 AED'000	2022 AED'000
Trade payable	65,644	61,352
Accrued expenses	35,838	40,752
Accrual for staff costs	14,244	12,236
Contract liabilities	32,924	29,175
Advances from customers	4,206	8,335
Deferred income	11,381	10,074
Due to a related party [Note 19 (c)]	1,240	1,066
Other payables	38,448	39,416
	203,925	202,406

Other payables include Board of Directors' fees of AED 4.2 million (2022: AED 4.2 million) payable to the directors of the Company after obtaining the shareholders' approval in the Annual General Meeting. It also includes an excise duty payable amounting to AED 30.27 million (2022: AED 30.14 million).

21. Lease liabilities

	2023 AED'000	2022 AED'000
Balance as at 1 January	101,102	105,518
Accretion of interest	3,476	3,695
Additions	7,820	7,821
Derecognition	(5,916)	-
Payments	(16,966)	(15,932)
Balance as at 31 December	89,516	101,102

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

21. Lease liabilities (continued)

	2023 AED'000	2022 AED'000
Current	9,229	13,912
Non-current	80,287	87,190
	<u>89,516</u>	<u>101,102</u>

The maturity analysis of lease liabilities is as follows:

	2023 AED'000	2022 AED'000
<i>Maturity analysis</i>		
Not later than 1 year	9,229	13,912
Later than 1 year and not later than 5 years	23,225	27,881
Later than 5 years	57,062	59,309
	<u>89,516</u>	<u>101,102</u>

22. Revenue

	2023 AED'000	2022 AED'000
<i>Local</i>		
Long term contracts	520,153	531,081
Transaction based contracts	198,097	136,624
	<u>718,250</u>	<u>667,705</u>
<i>Export</i>		
Long term contracts	24,063	48,443
Transaction based contracts	60,755	36,025
	<u>84,818</u>	<u>84,468</u>
Total	<u>803,068</u>	<u>752,173</u>

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

23. Other income

	2023 AED'000	2022 AED'000
(Loss)/gain on write-off / sale of assets	(353)	301
Rental income	2,309	1,800
Gain on de recognition of lease	4,667	-
Income from warehousing and related services (i)	7,331	-
Others	1,970	650
	<u>15,924</u>	<u>2,751</u>

- (i) During the year 2023, company has entered into an agreement with a third party to provide warehousing and related services.

24. Profit for the year

The profit for the year is stated after charging:

	2023 AED'000	2022 AED'000
Staff costs	108,460	99,162
Rental expenses - operating lease	6,242	6,215
Depreciation of property, plant and equipment (Note 5a)	39,475	38,991
Depreciation of right of use asset (Note 6)	14,821	14,111
Gain on disposal of property, plant and equipment	(219,835)	(301)
	<u> </u>	<u> </u>

Amount included in cost of sales:

	2023 AED'000	2022 AED'000
Staff costs	24,488	22,698
Rental - operating lease	681	516
Depreciation expense (Note 5a)	23,649	23,809
	<u> </u>	<u> </u>

During the year ended 31 December 2023, social contributions made by the Company amounted to AED 22 thousand (2022: AED 33 thousand).

25. Contingencies and capital commitments

	2023 AED'000	2022 AED'000
Bank guarantees	1,823	10,431
	<u> </u>	<u> </u>

**Notes to the financial statements
for the year ended 31 December 2023 (continued)****26. Segment reporting**

The Company operates in a single reporting segment of canning, bottling, distribution and trading of soft drinks and related beverages products. All the relevant information relating to this reporting/operating segment is disclosed in the statement of financial position, statement of profit or loss and notes to the financial statements.

Additional information required by IFRS 8 *Segment Reporting*, is disclosed below:

Information about geographical segments

During the year ended 31 December 2023, revenue from customers located in the Company's country of domicile (UAE) is AED 718 million (2022: AED 668 million) and revenue from customers outside UAE (foreign customers) is AED 85 million (2022: AED 84 million).

Major customer

During the year ended 31 December 2023, there were no customer of the Company with revenue greater than 10% of the total revenue of the Company (2022: Nil).

27. Financial risk management

The Company's principal financial liabilities comprise accounts payables and other liabilities. The main purpose of these financial liabilities is to manage Company's cash flows. The Company has various financial assets such as accounts and other receivables, cash and bank balances, which arise directly from operations.

The main risk arising from Company's financial instruments are liquidity risk, market risk, credit risk, interest rate risk.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include term loans, bank deposits, investment securities and derivative financial instruments.

Interest rate risk

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

The Company is exposed to interest rate risk on its interest-bearing assets and liabilities (bank deposits and term loans).

The following table demonstrates the sensitivity of the statement of profit or loss to reasonably possible changes in interest rates, with all other variables held constant. The sensitivity of the statement of profit or loss is the effect of the assumed changes in interest rates on the Company's result for one year, based on the floating rate financial assets and financial liabilities held at 31 December.

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

27. Financial risk management (continued)

Interest rate risk (continued)

There is no impact on the Company's equity.

	Increase/ decrease in basis points	Effect on profit for the year AED'000
2023		
AED	+50	-
AED	-50	-
2022		
AED	+50	-
AED	-50	-

Foreign currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates, The Company had the following significant net exposures denominated in foreign currencies in the form of bank balances and term loans.

	2023 AED'000 Equivalent	2022 AED'000 Equivalent
Net assets:		
Euro	40	39

The below analysis calculates the effect of a reasonably possible movement of the AED currency rate against the above mentioned currency, with all other variables held constant, on the income (due to the fair value of currency sensitive monetary assets and liabilities).

	Increase/ decrease in exchange rate to the AED	Effect on profit for the year increase (decrease) AED'000	Effect on other comprehensive income for the year increase/ (decrease) AED'000
2023	+5%	2	-
	-5%	(2)	-
2022	+5%	2	-
	-5%	(2)	-

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

27. Financial risk management (continued)

Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of equity index and the value of individual stocks. The Company's listed equity security is susceptible to market price risk arising from uncertainties about future values of the investment security. The effect on equity (fair value reserve) as a result of a change in the fair value of equity instrument quoted on Muscat Securities Market Oman and held as fair value through other comprehensive income at 31 December 2023 and 31 December 2022, due to reasonably possible changes in the prices of these quoted shares held by the Company, with all other variables held constant, is as follows:

	2023		2022	
	Increase/ decrease in market prices %	Effect on equity (fair value reserve) AED'000	Increase/ decrease in market prices %	Effect on equity (fair value reserve) AED'000
Market index - Muscat Securities Market (Oman)	+10%	9,495	+10%	11,226
Impact of change in market prices	-10%	(9,495)	-10%	(11,226)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. The Company limits its credit risk with regard to bank deposits by only dealing with reputable banks. The Company also manages the risk through dealings with large diversified base of customers as well as local and foreign banks.

Credit risk is limited to the carrying values of financial assets in the statement of financial position.

With respect to credit risk arising from other financial assets of the Company, including bank balances, trade and other receivables, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

	2023 AED'000	2022 AED'000
Bank balances and deposits (Note 11)	557,714	254,331
Trade receivables (Note 10)	136,682	114,769
Due from a related party (Note 19)	298	980
Other receivables (Note 10)	56,187	51,080
Positive fair value of derivatives (Note 10)	1,062	252
	751,943	421,412

Bank balances

The Company limits its credit risk with regard to bank balances by dealing only with reputable banks. The credit risk is limited to the carrying values of the financial assets.

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

27. Financial risk management (continued)

Credit risk (continued)

Trade receivables

Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal criteria. Outstanding trade receivables are regularly monitored. The requirement for an impairment is analysed at each reporting date on an individual basis for major clients.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The Company evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries.

Liquidity risk

The Company limits its liquidity risk by ensuring that adequate internally generated funds and bank facilities are available. The Company's terms of sales require amounts to be paid within 30 to 60 days from the date of sale, Trade payables are normally settled within 30 to 90 days from the date of purchase.

The table below summarises the maturities of the Company's discounted and undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

	Less than 6 months AED'000	6 to 12 months AED'000	1 to 5 years AED'000	Total AED'000
2023				
Trade and other payables	121,409	-	-	121,409
Lease liability	4,615	4,614	80,287	89,516
Total	126,024	4,614	80,287	210,925
2022				
Trade and other payables	121,122	-	-	121,122
Lease liability	6,956	6,956	87,190	101,102
Total	128,078	6,956	87,190	222,224

Contractual maturities related to lease liabilities disclosed in Note 21.

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

27. Financial risk management (continued)

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximize shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 2022. Capital comprises share capital, reserves and retained earnings and is measured at AED 1.25 billion as at 31 December 2023 (2022: AED 975 million).

28. Fair value of derivatives

Cash flow hedges

The Company also uses forward commodity contracts to manage some of its financing transaction exposures, highly probable transactions and commitment. The hedging relationship and objective, including details of the hedged item and hedging instrument, are formally documented and the transaction is accounted for as a cash flow hedge.

The cash flow hedges were assessed to be effective and as at 31 December 2023, a net unrealised gain of AED 0.810 million (2022: net unrealised gain of AED 0.432 million) was included in other comprehensive income in respect of these contracts.

The table below shows the positive and negative fair values of derivative financial instruments including cash flow hedges, which are equivalent to the market values, together with the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured, the notional amounts indicate the volume of transactions outstanding at year-end and are neither indicative of the market risk nor credit risk.

	Positive fair value AED'000	Notional amount AED'000	Within 1 year AED'000
Derivatives			
31 December 2023			
Designated as cash flow hedge	1,062	15,666	15,666
31 December 2022			
Designated as cash flow hedge	252	13,119	13,119

The fair value of derivatives is presented in the statement of financial position as.

	2023 AED'000	2022 AED'000
Positive fair value of derivatives - current assets (Note 10)	1,062	252

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

29. Fair values of financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash on hand and bank balances, receivables, derivatives and investment securities. Financial liabilities consist of bank borrowings, payables, contract liabilities and derivatives.

The fair values of financial instruments are not materially different from their carrying values.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by 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.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not base on observable market data.

As at reporting date, the Company held the following financial instruments measured at fair value:

Assets measured at fair value

	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
2023				
<i>Investment securities</i>				
Quoted equity shares consumer products sector (Note 8)	94,952	94,952	-	-
Positive fair value of derivatives - held as cash flow hedge (Note 10)	1,062	-	1,062	-
2022				
<i>Investment securities</i>				
Quoted equity shares consumer products sector (Note 8)	112,255	112,255	-	-
Positive fair value of derivatives - held as cash flow hedge (Note 10)	252	-	252	-

30. Approval of financial statements

The financial statements were approved by the Board of Directors and authorized for issue on 20 February 2024.



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Corporate Governance Report for the Year 2023

Since its establishment in 1959 by an Emiri Decree issued by Late His Highness Sheikh Rashid bin Saeed Al Maktoum (Governor of Dubai at that time), Dubai Refreshment (P.J.S.C.) has adhered to a set of values, ethics, and professional standards that have allowed it to thrive and become the leading provider of bottling and distribution services for soft drinks, non-carbonated beverages, snacks, and drinking water in the United Arab Emirates.

Dubai Refreshment (P.J.S.C.) is committed to transparent and accountable governance practices, with a focus on equity, disclosure, and compliance with the laws and regulations under the supervision of the regulating authority, the Securities and Commodities Authority ("The Authority"). The Board of Directors and management are committed to maintaining these standards, ensuring that the Company operates with integrity and meets the highest standards of governance.

1. Statement of the Measures Taken to Complete the Corporate Governance System during 2023, and the Manner of Implementation thereof.

In accordance with Decision no. (3/RM) of 2020, approved by the Chairman of the Authority's Board of Directors regarding the Governance Guide for Joint Stock Companies, Dubai Refreshment (P.J.S.C.) has implemented the prescribed measures.

- A. Amending the Company's Articles of Association so that it conforms to the rules of corporate governance and the companies law.
- B. The Audit Committee has been appointed by the Board of Directors.
- C. The Nomination and Bonuses Committee has been appointed by the Board of Directors.
- D. The Risk Committee has been appointed and its frameworks have been set by the Board of Directors.
- E. The Investment Committee has been established in 2024 and appointed based on the Board of Directors decision.
- F. The Board of Directors has appointed an internal audit company and a compliance officer, in addition to their work on updating the Company's internal control system.
- G. Appointment of an investor relations officer.
- H. Appointment of a risk management officer.
- I. Formation of a follow-up and supervision committee on insider transactions, stating its terms of reference and the tasks entrusted thereto.
- J. Periodical update of the electronic databases on the Company's website in order to provide the maximum degree of transparency required to provide a sound environment for investors and shareholders to follow developments in the Company.
- K. Periodical disclosure of the Company's financial statements, the Board of Director, and the General Assembly meetings, in addition to adherence to all the regulatory rules in this field.
- L. In addition, the Company continues to review its internal systems to introduce the procedures required by the aforementioned resolution for full and continuous compliance with the circulars issued by the Securities and Commodities Authority in terms of corporate governance rules.





2. Statement of ownership and transactions of Board of Directors members and their spouses, their children under eighteen in the Company securities during 2023:

Name	Position / relationship	shares owned as at 29/12/2023	Total Sales process	Total purchases transactions
Mr. Ahmad bin Eisa Al Serkal	Chairman of Board of Directors	None	None	None
Mr. Ali Bin Humaid Alowais	Vice Chairman of the Board	318,861	None	None
Mr. Ibrahim Abdulrazzak Ustadi	Board member	None	None	None
Mr. Buti Obaid Buti Almulla	Board member	None	None	None
Mrs. Eman Mahmood Abdulrazzaq	Board member	None	None	None
Mr. Nawwaf Ghubash Almarri	Board member	None	None	None
Mr. Mohamed Ali Nasir Alowais	Board member	None	None	None

3. Formation of the Board of Directors:

A. Statement of Formation of the Current Board of Directors according to the following table:

The Company Dubai Refreshment (P.J.S.C.) is governed by a Board of Directors comprising seven members. Each director brings a wealth of experience in the Company's industry, complemented by expertise in accounting, financial matters, banking operations, and business management. Their collective proficiency equips them to make informed and judicious decisions for the Company's benefit.

Notably, the Board of Directors is strategically composed of both dependent and independent members, ensuring balanced representation. This equilibrium in the composition of the board underscores the Company's commitment to fostering a diverse and knowledgeable leadership team. The inclusion of dependent and independent members emphasizes the importance of impartiality and objective decision-making within the governance structure. This approach is integral to maintaining a robust and effective leadership body for Dubai Refreshment (P.J.S.C.).



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Name	Position	Type of Membership	Experience	Qualifications	Period as a Member in the Company's BOD as of the date of First Election
Mr. Ahmad Bin Eisa Alserkal	Chairman of the Board of Directors	Non-Executive/ Non-Independent Member	General Trading Real Estate	Bachelor of Administrative Sciences, Business Administration	22
Mr. Ali Bin Humaid Alowais	Deputy Chairman of the Board of Directors	Non-Executive/ Non-Independent Member	General Maintenance, Property Management	Bachelor of Business Administration	16
Mr. Ibrahim Abdulrazzak Ustadi	Member of the Board of Directors	Non-Executive/ Non-Independent Member	Business Administration Financial Controller	Diploma in Accounting	19
Mr. Buti Obaid Buti Almulla	Member of the Board of Directors	Non-Executive/ Non-Independent Member	Business Administration	Diploma in Business Administration	4
Mrs. Eman Mahmood Abdulrazzaq	Member of the Board of Directors	Non-Executive/ Independent Member	Banks, Human Resources Management	Bachelor of Business Administration	2
Mr. Nawwaf Ghubash Almarri	Member of the Board of Directors	Non-Executive/ Independent Member	Real Estate, Investments, Insurance companies.	Bachelor of Business Administration	1
Mr. Mohamed Ali Nasir Alowais	Member of the Board of Directors	Non-Executive/ Independent Member	Real Estate, Food/ Beverage, Trading and Services	Bachelor of Science in Computer and Information Science	1





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Name	Membership in Other public Joint Stock Companies	Their Positions in Other Important Regulatory, Governmental, or Commercial Authorities
Mr. Ahmad Bin Eisa Alserkal	• Dubai Insurance Company (P.J.S.C) – Member of the Board of Directors	None
Mr. Ali Bin Humaid Alowais	• United Foods Company (P.J.S.C) - Chairman of the Board of Directors • Emirates NBD - Member of the Board of Directors • Emirates Islamic Bank - Member of the Board of Directors	None
Mr. Ibrahim Abdulrazzak Ustadi	None	None
Mr. Buti Obaid Buti Almulla	• Dubai Insurance Company (P.J.S.C) – Chairman of the Board of Directors • Emirates Islamic Bank - Board Member • Emirates Investment Bank - Vice Chairman of the Board • Emirates NBD Bank - Member of the Board of Directors • Emaar Properties PJSC – Board member	None
Mrs. Eman Mahmood Abdulrazzak	• Emaar Properties PJSC – Board member	None
Mr. Nawwaf Ghubash Almarri	• Fidelity United Insurance Company	None
Mr. Mohamed Ali Nasir Alowais	None	None

B. Statement of the Percentage of Female Representation in the Board of Directors for the year 2023:

The Board of Directors is formed from one female member and six male members.





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C. Statement with the following:

1. Total remunerations of the Board of Director members paid for the year 2022: AED 4,200,000 (four million and two hundred thousand Emirati Dirhams)
2. Total remunerations of the Board of Director members proposed for the year 2023, which will be presented at the annual meeting of the General Assembly to be approved: AED 5,200,000 (five million and two hundred thousand Emirati Dirhams), composed of AED 700,000 for each Board member, and AED 1 Million for the Chairman of the Board
3. There are no additional fees, allowances or salaries paid to any member of the Board of Directors, other than the allowances for attending committees.
4. Allowances granted to Board of Directors members for their participation in Board committee sessions during the fiscal year 2023 are detailed in the table below. Each committee member received AED 10,000 per meeting, resulting in a total of AED 290,000 in 2023.

Risk Committee Meeting				
Name	14. 02.2023	02.05.2023	08.08.2023	12.12.2023
Mr Ali Humaid Ali Alowais	1	1	1	1
Mr. Mohamed Ali Nasir Alowais		1	1	1
Mr. Nawwaf Ghubash Almarri		1	1	1
Mr Buti Obaid Almulla	1			
Mr Abdulla Mohmed Alhuraiz*	1			

Audit Meeting				
Name	21.02.2023	09.05.2023	08.08.2023	07.11.2023
Mr. Nawwaf Ghubash Almarri		1	1	1
Mr. Mohamed Ali Nasir Alowais		1	1	1
Mr Ibrahim Abdulrazak Ustadi		1	1	1
Mr Abdulla Mohmed Alhuraiz *	1			
Mr Mohamed Abdel Aziz Alowais*	1			

Nomination & Remuneration	
Name	21.02.2023
Mr Ibrahim Abdulrazak Ustadi	1
Mr Abdulla Mohmed Alhuraiz*	1
Mrs. Eman Mahmood Abdulrazzaq	1

Investment Committee	
Name	24.11.23
Mr Ahmad Bin Eisa Alserkal	1
Mr. Mohamed Ali Nasir Alowais	1
Mr. Nawwaf Ghubash Almarri	1

* The formation of the Committees changed during the year 2023.





- D. The number of board meetings held during the fiscal year 2023 with a statement of their dates, number of times of personal attendance of all members, with a statement of the members represented by others.**

Meeting Date	Number of Attendees	Attendees by Representatives	Name of Non-Attendant Members
21.02.2023	7	0	0
17.03.2023	7	0	0
09.05.2023	7	0	0
08.08.2023	7	0	0
07.11.2023	7	0	0
12.12.2023	6	0	1

For the 12 December 2023 Board of directors meeting Mrs. Eman Mahmood Abdulrazzaq could not attend the meeting.

- E. The Board of Directors has taken one decision by circulation during the year 2023 which was formalized during the Board of Directors meeting on 12 December 2023.**
- F. A statement of the tasks and competencies of the Board of Directors carried out by a member of the Board or the Executive Management during the year 2023 based on a delegation from the Board:**

The Board of Directors collectively exercised its powers in managing the Company directly through the periodic follow-up of the Company's activity in the meetings of the Board, and the Board of Directors did not delegate any of its exceptional powers to the executive management during the year 2023 .

- G. A statement of the details of the transactions that took place with related parties during the year 2023.**

Statement of the Competent Party	Type of Relationship	Type of Transaction	Value of Transaction
Oman Refreshments Company (Sultanate of Oman)	Business operations within the normal scope of dealing	Supplying products from Oman Refreshments Company for the Company	AED 6,369,085
Oman Refreshments Company (Sultanate of Oman)	Business operations within the normal scope of dealing	Sales of the Company's products for Oman Refreshments Company	AED 5,022,896

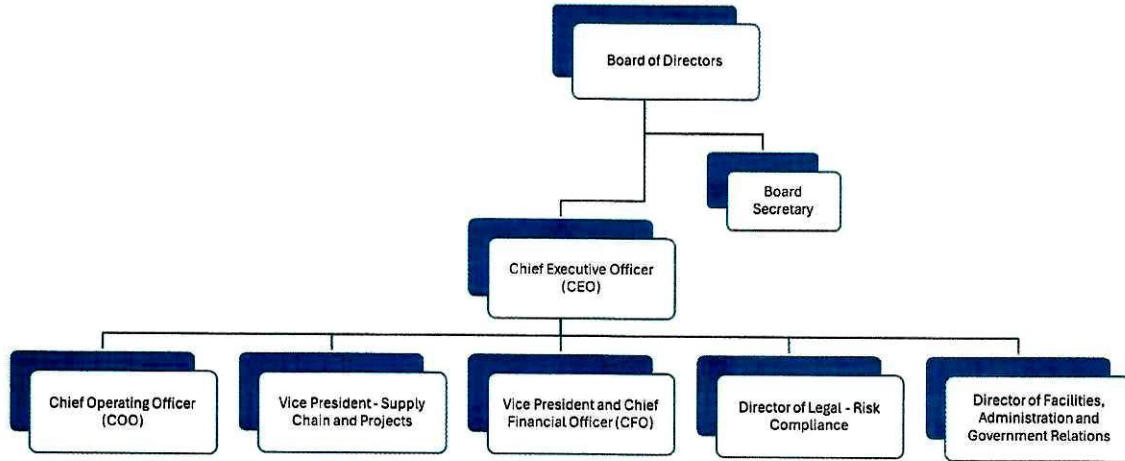
Taking in account that the commercial operations mentioned above fall within the scope of normal business at the market prices and without any preferential conditions of any kind.



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H. The organizational structure of the Company to include the first and second lines:



I. A detailed statement of the senior executives in the first and second grades, according to what is stated in the Company's organizational structure (according to 3-d), their jobs and dates of appointment, with a statement of the total salaries and bonuses paid to them, according to the following table:

Position	Appointment Date	Total Salaries and Allowances Paid for the Year 2023 (AED)	Total Bonuses Paid for 2023 (AED)	Any In-kind/ Cash Rewards for the Year 2023 or Due in the Future
Chief Executive Officer	01/08/2008	1,738,575.00	2,361,000	None
Vice President – CFO	03/01/2016-29/11/2023	1,175,546.78	372,078	1,170,443.00
Vice President - Supply Chain and Projects	01/11/2001	977,509.00	292,944	None
Vice President – COO	01/07/2012	1,243,257.00	663,270	None
Director of the Department of Facilities and Administrative and Government Relations	10/12/2012	731,450.00	139,460	None
Director of Legal	08/10/2013	584,114.00	125,664	None





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4. External Auditor:

A. A Brief Introduction about the Company's Auditor to the Shareholders:

Deloitte is established in the Middle East region with uninterrupted presence since 1926 and is present across 23 offices in 15 countries with more than 6000+ partners, directors and staff. Deloitte Middle East has received numerous awards in the last few years such as the Best Workplaces™ in the UAE (2022 and 2023), and Best Workplaces™ in the KSA (2023).

Deloitte is the world's largest leading professional services firm, providing audit and assurance, tax, consulting, financial advisory and risk advisory services to public and private clients spanning multiple industries. Deloitte's presence in the Middle East has contributed to the advancements and growth of the professional services industry in the region. Deloitte clients are able to benefit from experts that are well-aware of the environment, culture, and specific industry that they are operating in.

Deloitte's professionals are dedicated to strengthening corporate responsibility, building public trust, and making a positive impact in their communities.

B. Statement of the Auditing Fees and Costs or the Services Provided by the External Auditor:

Name of the auditing office and name of the partner auditor	Deloitte & Touche (Middle East) - Partner Auditor: Firas Anabtawi
Number of years spent as an external auditor for the Company	5
Number of years spent by the partner auditor in auditing the Company's accounts	2
Total fees for auditing and reviewing the financial statements (interim and annual) for the year 2023 (AED)	AED 315,000 (three hundred and fifteen thousand Emirati Dirhams)
Fees and costs of other special services other than auditing the financial statements for the year 2023 (AED).	AED 13,130
Details and nature of the other services provided	AUP Unclaimed Dividends prior to 2015
Statement of the other services provided by <u>any other external auditor</u> other than the Company's auditor during 2023	

C. Statement of the qualified opinion of the Company's external auditor: the external auditor did not have any reservation in their qualified opinions in any of the interim or the annual financial statements in 2023.





5. Audit Committee

A. An acknowledgment by the Chairman of the Audit Committee of his responsibility for the Committee's system in the Company and his review of its work mechanism and verification of its effectiveness:

"Mr. Nawwaf Ghubash Almarri, as the Chairman of the Audit Committee, hereby acknowledges responsibility for the committee's system within the Company. the Audit Committee is committed to reviewing its operational procedures and verifying the effectiveness of its mechanisms to ensure the highest standards of diligence and scrutiny in overseeing the audit committee's functions.

B. Names of the members of the Audit Committee, its terms of reference and the tasks entrusted thereto:

Name	Position	Type of Membership
Mr. Nawwaf Ghubash Almarri	Chairman of the Committee	Non-executive/ Independent
Mr. Mohamed Ali Nasir Alowais	Committee Member	Non-executive/ Independent
Mr. Ibrahim Ustadi	Committee Member	Non-executive/ Non- independent

The main task of the Audit Committee is to review the Company's financial control and risk management system, develop and implement the contracting policy with the external auditor, submit the necessary reports to the Board of Directors specifying the issues it deems important to act on, follow up and monitor the independence and objectivity of the external auditor, and monitor the integrity of The Company's financial statements and its interim and annual reports.

The task of the Oversight Committee also includes ensuring compliance with the disclosure requirements of the Dubai Financial Market and the Securities and Commodities Authority, discussing internal control systems with management, and ensuring that it performs its duties in establishing an effective system of internal control. The Committee also provides assistance and assistance to the Board of Directors in carrying out its oversight responsibilities in order to ensure the independence of the financial results and the independence and qualifications of the independent external auditor.

The committee also has the power to access any of the Company's departments, records, and properties in order to carry out its responsibilities, in addition to all the authorities and powers according to the decision of the Chairman of the Board of Directors of the Securities and Commodities Authority (03/R.M) for the year 2020.



C. The number and dates of meetings held by the Audit Committee during the year 2023 to discuss issues related to the financial statements and any other matters, and an indication of the number of times of personal attendance of members in the meetings held:

Name	21.02.2023	09.05.2023	08.08.2023	07.11.2023
Mr Nawwaf Ghubash Almarri		1	1	1
Mr Mohammed Ali Nasir Alowais		1	1	1
Mr Ibrahim Abdulrazak Ustadi		1	1	1
Mr Abdulla Mohammed Alhuraiz*	1			
Mr Mohammed Abdul Aziz Alowais*	1			

* The Board of Directors changed following elections during the AGM 2023

6. Nomination and Bonuses Committee:

A. An acknowledgment by the Chairman of the Nomination and Bonuses Committee of his responsibility for the Committee's system in the Company and for his review of its work mechanism and verification of its effectiveness.

Mrs. Eman Mahmood Abdulrazzaq, Chairperson of the Nomination and Bonuses Committee, hereby acknowledges his responsibility for the Committee's system in the Company and for his review of its work mechanism and verification of its effectiveness."

B. Names of the members of the Nomination and Bonuses Committee, and statement of its terms of reference and the tasks entrusted thereto:

Name	Position	Type of Membership
Mrs. Eman Mahmood Abdulrazzaq	Chairperson of the Committee	Non-executive/ Independent
Mr. Mohamed Ali Nasir Alowais	Committee Member	Non-executive/ Independent
Mr. Ibrahim Ustadi	Committee Member	Non-executive/ Non- Independent



Duties of the Nomination and Bonuses Committee are as follows:

1. Continuously ensuring the independence of the independent members, preparing the policy of granting remunerations, benefits, incentives, and salaries to members of the Company's Board of Directors and employees, and reviewing it annually.
2. Verifying that the remunerations and the benefits granted to the Company's senior executive management are reasonable and conform with the Company's performance.
3. Determining the Company's needs for competencies at the level of senior executive management and employees and the basis for their selection.
4. Preparing the Company's human resources and training policy, monitoring implementation thereof and reviewing it annually, organizing and following up the procedures of nomination for membership of the Board of Directors in accordance with the applicable laws and regulations.

C. Statement of the number of meetings held by the Committee during 2023 and the dates of their convening, with an indication of the number of times of personal attendance of all Committee members:

Name	21.02.2023
Mr. Ibrahim Abdulrazzak Ustadi	√
Mrs. Eman Mahmood Abdulrazzaq	√
Mr. Abdullah Alhuraiz*	√

* The Board of Directors changed following elections during the AGM 2023

7. Committee of Follow up and supervision on the insiders' transactions

A. The Company's Board of Directors has formed a committee to follow up and supervise insiders' transactions, which has been formed from the Chief Executive Officer, with the membership of the Director of Legal Affairs, the Board Secretary, according to the applicable rules based on the decision of the Chairman of the Board of Directors of the Securities and Commodities Authority (03/R.M) for the year 2020.

B. An acknowledgment by the Chairman of Committee of Follow up and Supervising Transactions of Prospective Persons with his responsibility for the Committee's system in the Company and for his review of its work mechanism and verification of its effectiveness:

"Mr. Tarek El Sakka, Chairman of the Committee of Follow up and Supervising Transactions of Prospective Persons, hereby acknowledges his responsibility for the Committee's system in the Company and for his review of its work mechanism and verification of its effectiveness."



8. Risk Committee

A. An acknowledgment by the Chairman of the Risk Committee of his responsibility for the Committee's system in the Company and for his review of its work mechanism and verification of its effectiveness:

"Mr. Mohamed Ali Nasir Alowais, Chairman of the Risk Committee acknowledges his responsibility for the Risk Committee's system within the Company, as well as for his inspection of the committee's work mechanism and effectiveness."

B. The Board of Directors approved the establishment of a risk committee in accordance with the regulatory frameworks set forth under the Chairman of the Board of Directors of the Securities and Commodities Commission Resolution No. 3 of 2020, under which the aforementioned committee shall carry out its responsibilities and submit reports to the Board of Directors for information.

C. The committee's members are listed below, along with the dates of the committee's meetings in 2023:

Name	Position	Type of Membership
Mr. Mohamed Ali Nasir Alowais	Chairman of the Committee	Non-executive/ Independent
Mr. Nawwaf Ghubash Almarri	Committee Member	Non-executive/ Independent
Mr Ali Humaid Alowais	Committee Member	Non-executive/ Non- independent

Name	14.02.2023	02.05.2023	08.08.2023	12.12.2023
Mr Ali Humaid Alowais	1	1	1	1
Mr. Mohamed Ali Nasir Alowais		1	1	1
Mr. Nawwaf Ghubash Almarri		1	1	1
Mr Buti Obaid Almulla *	1			
Mr Abdulla Mohamed Alhuraiz*	1			

* The formation of the Risk Committee changed during the year 2023.



9. Investment Committee

- A. Mr. Ahmad bin Eisa Al Serkal, as the Chairman of the Investment Committee, assumes responsibility for overseeing the Committee's functions within the company, which was established subsequent to the Board Meeting dated 8 August 2023. He ensures the thorough review of its operations and verifies its effectiveness in guiding investment strategies.
- B. Names of the members of the Investment Committee, and the meeting held during 2023:

Name	Position	Type of Membership
Mr. Ahmad Bin Eisa Alserkal	Chairman of the Committee	Non-executive/ non - Independent
Mr. Mohamed Ali Nasir Alowais	Committee Member	Non-executive/ Independent
Mr. Nawwaf Ghubash Almarri	Committee Member	Non-executive/ Independent

- C. The committee's members are listed below, along with the dates of the committee's meetings in 2023:

Name	24.11.2023
Mr. Ahmad Bin Eisa Alserkal	1
Mr. Mohamed Ali Nasir Alowais	1
Mr. Nawwaf Ghubash Almarri	1

During the year 2023, no further affiliated committees of the Board of Directors were appointed.

10. Internal Control System:

- A. Dubai Refreshment's Board of Directors recognizes its accountability for the Company's internal control system, its assessment, and its performance.

The internal control's primary responsibility is to manage risks within the Company and to properly apply governance rules to ensure compliance with applicable laws and regulations, as well as with the requirements of the Dubai Financial Market, the Securities and Commodities Authority.

- B. PricewaterhouseCoopers (PwC) has been retained by the Company to execute internal audit tasks. PwC issued four periodic reports to the Audit Committee in 2023, each of which included a summary of its audit work in the Company's various departments, concluding that there were no issues or violations. The internal audit reports detail the Company's efforts to update its work policies and systems, as well as some technological issues that have been handled. The Company's daily operations and administrative and operational procedures that are compliant with all applicable laws and regulations have resulted in the absence of any significant issues that require the internal control department to address.
- C. Additionally, the Board of Directors has nominated Mr. Kareem Mahmoud as a Compliance Officer effective 8/10/2013. He is a specialist lawyer accredited by the Beirut Bar Association in Lebanon and currently serves as the Company's Director of Legal Affairs.

11. Details of the violations Committed in 2023, their Reasons, and how they shall be Addressed and Prevented in the Future:

In 2023, the Company was fined AED 1000 for failing to publish the amendment to the Company's Memorandum of Association within a month of the general assembly's date, due to the fact that the Company had addressed the Dubai Economy to follow up on any action required by them to publish the Memorandum of Association amendment, which resulted in exceeding the deadline granted by the Authority.

12. A Statement of the Company's Monetary and In-Kind Contributions to the Growth of the Local Community and the Protection of the Environment in 2023:

In 2023, the Company continued its unwavering commitment to social responsibility, reinforcing its dedication to human, social, and environmental well-being in the local communities of Dubai and the Northern Emirates. The company firmly believes in upholding human values and actively contributing to the improvement of the communities in which it operates.

A. CSR Initiatives for Community Development

DRC's commitment to social responsibility extended to meaningful initiatives aimed at positively impacting lives. The Company provided wheelchairs to charitable organizations, aligning with its dedication to inclusivity and support for individuals with disabilities.

<u>Charitable Support 2023</u>	<u>Amount</u>
Omniyat People of Determination Rehabilitation Center	AED 3,000
Al Tarek Rehabilitation & Autism Center	AED 3,000
Khorfakkan club for the Disabled	AED 3,000
Dubai Club for people Determination	AED 3,000
West Asia Para Federation	AED 3,000
Ajman Club of Disabled	AED 3,000
Rashid Centre for people of determination	AED 3,000

Furthermore, the Company continues in its CSR strategy through supporting and promoting physical activity among youth and fostering positive social outcomes. It is highly effective in achieving various CSR goals, including promoting health and wellness, empowering youth, fostering social inclusion, and promoting community development.

Our support to the Dubai Sports Council amounts to 200,000 AED as well as free Aquafina water and encompasses a wide range of sports activities. Our primary objective is to encourage youth participation and engagement in sports, ensuring they remain active and involved in healthy pursuits.

Some of the events are:

- Battle Cancer
- Schools Champions for water polo
- Run for reading



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- Dibba Classic Sports Challenge
- Dibba Classic sports challenge
- Dubai Women's running Challenge
- Dubai Women triathlon
- Labor Run
- RX Coffee Summer Run
- Dubai Open For Football Academies-DOFA
- Volleyball Labor Tournament
- Basketball Coaching Course – Al Naser Club

B. COP 28 & Aquafina Water Stations

DRC proudly supported COP 28, the 28th United Nations climate change conference; As part of this commitment, the Company provided coolers, vending machines, and deployed innovative Aquafina Water Stations. These stations not only promote sustainability but also offer a personalized and eco-friendly experience, saving 1.1 million 500ml plastic water bottles in the process.

C. Introduction of Recyclable Plastic Bottles

In a pioneering move for the UAE, the Company introduced 100% recycled plastic bottles for Pepsi, Diet Pepsi, and Pepsi Zero, marking a pivotal step in reducing greenhouse gas emissions. These bottles, meeting globally certified standards of quality and safety, contribute to the global efforts against climate change, aligning seamlessly with Company's objectives.

D. Vocational Training Programs for Emirati Students

In collaboration with the Ministry of Human Resources and Emiratis (MOHRE) and Emirates Foundation for School Education, DRC facilitated a Vocational Training Programme for Emirati students, offering practical skills and fostering career readiness. This initiative aims to bridge the gap between classroom learning and real-world application, empowering students for future success.

E. Emiratization in Food and Beverage Sector

DRC actively participated in the Emiratization initiative, partnering with the Emirati Human Resources Development Council in Dubai through the ISHRAQ program. This collaboration, underscored by an MOU, focuses on enabling UAE Nationals to build comprehensive career paths in the Food and Beverage industry through hands-on training, coaching, and strategic job placements.

F. Internship Program for UAE National Students

DRC's dedication to nurturing local talent and contributing to national development is evident through its internship program. In 2023, two Emirati students were enrolled in the program, providing them with valuable experience, skills, and on-the-job training to prepare for their chosen careers. The Company is planning to expand the number of participants in this program.

The Company remains committed in its efforts to lead the industry while actively supporting the UAE government's initiatives and contributing to the sustainable development of the nation.



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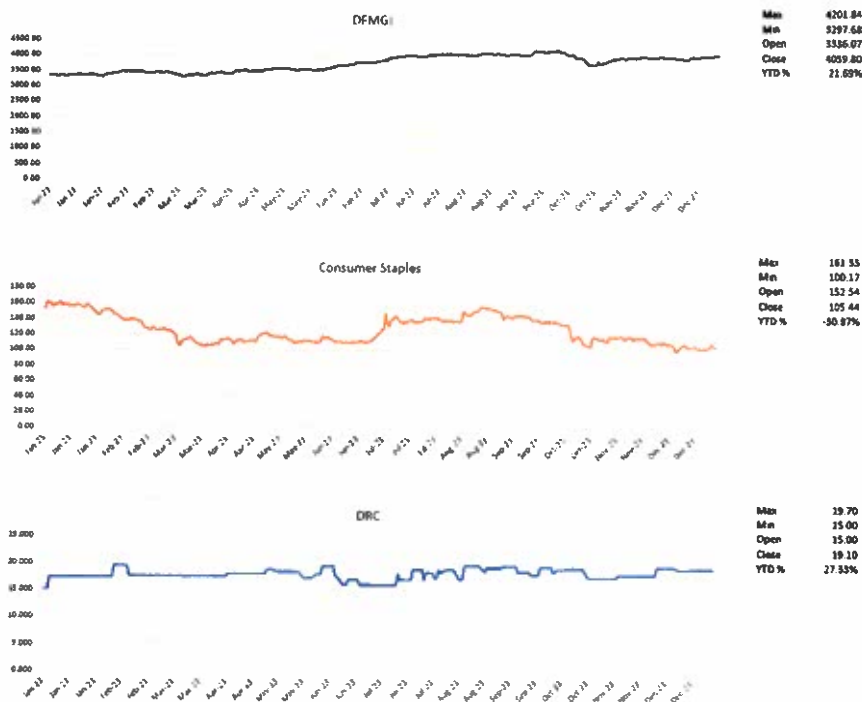
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Fax: +971 4 802 5098
Email: info@pepsidrc.ae
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13. General Information:

A. A Statement of the Market Price of the Company's Share (Closing Price, Highest and Lowest Prices) at the Conclusion of Each Month during Fiscal Year 2023:

Month	High Month	Low Month	Closing Month
January 2023	17.250	17.250	17.250
February 2023	19.500	17.550	17.550
March 2023	No Trading	No Trading	17.550
April 2023	18.000	18.000	18.000
May 2023	18.750	17.250	18.000
June 2023	19.500	16.100	16.100
July 2023	18.900	16.050	18.300
August 2023	19.700	15.600	19.250
September 2023	19.600	18.000	19.500
October 2023	19.500	17.500	17.500
November 2023	19.500	17.500	19.500
December 2023	19.100	19.000	19.100

B. A statement of the Company's comparative performance with the general market index and the sector index to which the Company belongs during 2023.





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P.O. Box 420, Dubai - U.A.E
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Email: info@pepsidrc.ae
Call Center: 800 73774
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C. A statement of the shares distribution as of 30/12/2023 (individuals, companies, governments) classified as follows: local, Arab and foreign

Category of Shareholder	Percentage of owned shares			
	Individual	Companies	Government	Total
UAE Nationals	55.4572	42.2583	0	97.8810
Arab	2.0635	0.0530	0	2.1165
Foreigner	0.0025	0	0	0.0025
Total			0	100

D. A statement indicating the shareholders who own 5% or more of the Company's capital as on 29/12/2023 (last working day of 2023) according to the following table:

Name	Number of Shares held 29/12/2023	The Percentage of Shares held from Company's Capital
Sheikh Ahmed bin Rashid bin Saeed Al Maktoum	17,999,550	19.9995
Mohamed & Obaid Al Mulla LLC	9,178,050	10.1978
Group 7 investment LLC	6,819,718	7.5775
Ghobash Trading and Investment Co. Ltd.	6,080,076	6.7556
Juma Al Majid Abdulla Muhairi	4,785,500	5.3172

E. statement of shares distribution pursuant volume as on 29/12/2023 according to the following table (Source: Dubai Financial Market):

S.No	Shares Ownership (share)	Number of Shareholders	Number of owned Shares	The Percentage of shares owned from Company's capital
1	Less than 50,000	96	978,883	1.088
2	50,000 to less than 500,000	73	12,408,482	13.787
3	From 500,000 to less than 5,000,000	22	36,535,241	40.595
4	More than 5,000,000	4	40,077,394	44.530
		195	90,000,000	100.000

F. In execution of the Authority's decisions, the Company has complied with the Authority's procedures in general, as a dedicated email address has been designated for investors to communicate with the Company regarding any inquiries. Investor Relations Officer has been assigned to Mr. Karem Mahmoud, Director of Legal, Risk and Compliance. He can be





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reached through email at karem.mahmoud@pepsidrc.ae, by phone at +97148025000, +971501356949, or by fax at +97148025098. Regarding the electronic link to the investor relations page, the Company is currently updating it as part of its overall website update, and the link is as follows: <https://pepsidrc.com/investor-relations/>

G. The Company's annual general meeting for the year 2023 was conducted on **16/03/2023** via video conference technology and at the Company's headquarters at Dubai's second Dubai Investment Park. The following resolutions were adopted:

1. Reviewing the Board of Directors' report on the Company's operations and financial status for the fiscal year ending on December 31, 2022, and the aforementioned item received 99.3636 percent of the votes.
2. Considering and approving the auditors' report for the fiscal year ending December 31, 2022. The preceding item received 99.3636 percent of the vote.
3. Discussing and approving the Company's budget for the fiscal year ending on December 31, 2022, as well as the profit and loss account. The preceding item received 99.3636 percent of the vote.
4. Reviewing the Board of Directors' recommendation to distribute dividends for 2022 at AED 63 Million. The preceding item was accepted with 99.7505 percent of the vote.
5. Reviewing the Board of Directors' suggestions for Board members remuneration in the amount of AED 4,200,000 for the year 2022. The preceding item received 99.3636 percent of the vote.
6. Releasing members of the Board of Directors from liability for the fiscal year ending on December 31, 2022. The aforementioned item was accepted 99.3636 percent of the votes.
7. Releasing the auditors from liability for the fiscal year ending on December 31, 2022. The aforementioned item was accepted with 99.3636 percent of the vote.
8. Appointing Deloitte & Touche (Middle East) as the Company's auditor for the fiscal year 2023 and to set their fees. The Assembly approved the motion with 99.3636 percent of the votes.
9. Matters that require a special resolution: Amending the Company's articles of association to after the approval of the competent authority (articles to be amended: Art. 26). The aforementioned amendments was presented and was accepted 99.3515 percent of the votes.

10. The elections of the Board of directors.

The newly elected Board of Directors consisted of the following names:

1. Mr. Ahmad B. E. AlSerkal
2. Mr. Ali Humaid Alowais
3. Mr. Ibrahim Ustadi
4. Mr. Buti Almulla
5. Mrs. Eman Abdulrazzaq
6. Mr. Nawwaf Ghubash Almarri
7. Mr. Mohamed Ali Nasir Alowais




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H. The General Assembly convened on May 6, 2023, at 12:00 PM, conducted both electronically and at the Company's premises in Dubai Investment Park 2. The agenda included the consideration of the following subject, requiring a special resolution: the Board of Directors' proposal to sell a plot owned by the Company. The resolution passed with an overwhelming majority, garnering 97.914% of the votes in favor.

The Company has complied with applicable regulations in terms of sharing earnings decided at the general assembly meeting via the Dubai Financial Market, as well as distributing the remuneration of the Board of Directors members.

I. Board Secretary

Ms. Asma Al Naqbi is the Board Secretary for the Company, appointed on September 13th, 2022. She holds two legal degrees and is responsible for ensuring the Board of directors' compliance with laws and regulations and oversees the corporate governance of the Board and the management. She administers meetings and minutes of the Board of Directors, prepares information and disclosures for meetings, maintains records and finalizes disclosures for financial statements.

J. A Detailed Description of the Significant Events and Disclosures taken place during the Fiscal Year 2023:

The company continued strong performance in 2023 with local sale volume growing 9%. Continued strong performance in travel, hotel and restaurants sectors combined with share gain in the retail sector helped the overall volume performance, while continued focus on cost containment and the new snacks contract with PepsiCo helped leverage the topline increase into improved operating margins. Cash and profit generated from the sale of the old production site on Sheikh Zayed road combined with higher interest rates on deposits added substantial further gains to net profit.

K. A Statement of the Company's Transactions conducted in 2023 equivalent to 5% or more of the Company's Capital.

The Company has concluded the essential agreements for the supply of raw materials and services required for its operations, and each of them falls within the framework of standard commercial transactions at market pricing without any preferential terms.

L. A Statement of the Company's Emiratization Percentage by the end of 2023.

As of the end of 2023, the Company reports an Emiratization of 7.9% in alignment with our commitment to fostering local talent and contributing to the development of the Emirati workforce and meeting UAE labour law. In 2022, the percentage was 4.6%, and in 2021, the Emiratization was 2.1% (excluding labors).

The Company has developed Emiratisation system that attracts Capable Emiratis and develop their capability. In addition, the Company supports Emirati students by providing them with valuable training opportunities as well as internship programs. The Company has signed a memorandum of cooperation with the Ministry of Human Resources & Emirates School Establishment to train 15 to 20 Emirates student per year under the "Work Experience Program".



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DUBAI REFRESHMENT (P.J.S.C)

P.O. Box 420, Dubai - U.A.E
Tel. : +971 4 802 5000
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M. A Statement of the Creative Projects and Initiatives Conducted by the Company or Under Development during the year 2023:

During 2023 the Company executed several new initiatives that will deliver sustainable future results. First the company entered into a contract with PepsiCo to store and distribute/ deliver PepsiCo's snacks range in the UAE. The contract has the potential of creating a new vertical that will consistently deliver sustained profit. Second, the company continues to make progress on the sustainability agenda. The production site at Dubai Investment Park was awarded Platinum Leed Certification, the highest level achievable with only few leading production sites in the Middle East able to achieve it. Third, the company continues to drive low and no sugar drinks with Mountain Dew Zero being the latest launch in this space. Low sugar products continue to grow at a much faster pace than regular sugar drinks, and in many instances the low sugar variants delivered substantial incremental business.

Chairman of the Board of Directors

Signature

Chairman of the Nomination and Bonuses Committee

Signature

Chairman of the Audit committee

Signature

Chairman of the Risk Committee

Signature

Internal Auditor

Signature



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DUBAI REFRESHMENT (P.J.S.C)*

P.O. Box 420, Dubai - UAE
Tel. : +971 4 802 5000
Fax: +971 4 802 5098
Email: info@pepsidrc.ae
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Dubai Refreshment PJSC

ESG Report 2023



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P.O. Box 420, Dubai - UAE
Tel. : +971 4 802 5000
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1. ESG at Dubai Refreshment PJSC

- 1.1. About This Report
- 1.2. Introduction
- 1.3. About Dubai Refreshment PJSC
- 1.4. Dubai Refreshment's ESG Approach
- 1.5. Materiality



1.1. About This Report

This report provides an overview of the ESG performance and business progress of Dubai Refreshment PJSC (hereafter “DRC” or “The Company”) for the year 2023. It covers the entirety of its activities within the United Arab Emirates, including its manufacturing and distribution centres, as well as its headquarters in Dubai. In accordance with the Dubai Financial Market's (DFM) directive, and in reference to the Global Reporting Initiative's (GRI) sustainability reporting standards, the Company maintains the practice of overseeing and disclosing its governmental, environmental, and social performance.

The ESG indicators that are recommended by the Dubai Financial Market have been included in adherence to the ESG disclosure guidelines. DFM actively participates in the World Federation of Exchanges (WFE) and the Sustainable Stock Exchanges (SSE) Initiative.

The report has undergone a thorough internal verification and data accuracy process within DRC, ensuring its reliability, despite not being audited by a third party.



1.2. Introduction

Situated within Dubai's vibrant business environment, DRC demonstrates a commitment to innovation, resilience, and excellence. The Company embodies a proactive approach in addressing the diverse facets of sustainability, ensuring a harmonious coexistence between its operations and the broader ecosystem. This ESG report reflects DRC's ongoing efforts toward sustainable business practices and societal improvement, building upon the insights provided in its 2020, 2021, and 2022 ESG reports.

In this report, stakeholders will find a comprehensive overview of DRC's environmental initiatives, designed not only to mitigate its ecological footprint but to foster a culture of environmental stewardship within the company. DRC also recognizes the symbiotic relationship between responsible business practices and long-term value creation. Hence, the governance section of this report delves into the mechanisms and structures in place to ensure transparency, ethical conduct, informed and well-considered decision-making. Through the implementation of robust governance frameworks, DRC aims to fortify the foundation upon which sustainable growth can flourish.

As the Company advances on this journey of sustainability, it invites its stakeholders to explore this report; Herein, a detailed exposition of DRC's ESG commitments is revealed.

1.3. About Dubai Refreshment PJSC

Dubai Refreshment PJSC, founded in 1959 by the late ruler of Dubai, His Excellency Sheikh Rashid Bin Saeed Al Maktoum, operates as an exclusive bottler and distributor for Pepsi Cola beverages and other brands in the United Arab Emirates. Its headquarter is located in Dubai.

DRC, which was designated as the sole distributor and bottler of Pepsi products in Dubai and the Northern Emirates in 1962, has experienced significant expansion to become a prominent manufacturer and distributor of food and beverages in the lower Gulf region. With an approximate annual revenue of 800 million AED, DRC continues to add achievements to its records.

The year of 1994 witnessed the transformation of DRC from a limited liability company to a public shareholding corporation. The noteworthy achievement of listing on the Dubai Stock Exchange in 2007 signifies a substantial milestone and a significant augmentation in performance since its inception. The Company's achievements and lasting influence are attributable to its unwavering commitment to delivering high-quality services that surpass mere financial success. This is reflected in its core values, which are as follows:

- Integrity,
- Respect,
- Leadership,
- Service excellence,
- A winning mindset,
- Staff welfare,
- Performance-centric focus,
- Commitment to stakeholders.

By fostering collaboration and innovation, DRC is committed to providing high-quality products and services to its customers and consumers throughout the nation.

Company Operations

DRC has experienced substantial expansion and a diversified range of products over the last half-century. Initially catering to a single brand, it has since evolved into one of the largest manufacturers and distributors in the lower Gulf, boasting over 16 distinct products in the categories of carbonated and non-carbonated drinks, juice, water, and snacks.

The Company's overarching vision has consistently aimed at positioning itself as the premier F&B company in the lower Gulf region. This vision is underpinned by a team of high-calibre individuals, equipped with the requisite tools and robust systems. A well-structured distribution network ensures the widespread availability of the Company's products and services to customers across the UAE.

Its diversified portfolio of reputable brands—Pepsi, Diet Pepsi, Pepsi Black, 7Up, Diet 7Up, Mirinda, Shani, Gatorade, Aquafina, Mountain Dew, Rockstar, Ceres Juice, Evervess, Britvic, Topfruit, Snacktime, Edita, Bruno Cookies, Robinson, and Teisseire—has come to symbolise excellence and success in its business endeavours.



دبي للمطبات (ش.م.ع.)
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P.O. Box 420, Dubai - UAE
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Operating Location

Through its alliances with some of the most renowned F&B brands in the world, DRC has expanded its portfolio and established credibility. To optimise the smooth transportation of its merchandise, DRC has strategically positioned its establishment within Dubai Investment Park. This state-of-the-art facility adheres to the latest industry standards and facilitates convenient access to transportation and communication networks linking Dubai and Abu Dhabi. Dubai Investment Park 2 houses its principal manufacturing facility and administrative offices, while Sharjah, Abu Dhabi, Fujairah, and Ras Al Khaimah house its warehouses.



1.4. DRC's ESG Approach

Amid escalating global concerns surrounding climate change, poverty, and social injustice, DRC remains resolute in its commitment to mitigate the adverse impacts of these challenges across all facets of its operations, encompassing production and distribution. Aligned with the sustainability objectives of the UAE and adhering to the directives outlined by DFM, the Company has implemented sustainable practices that mitigate risks while advancing social inclusion and environmental protection.

DRC's achievements and commitment to sustainability are disclosed to its stakeholders via its Annual ESG Report. In addition, internal communication and risk management procedures ensure that its Board and senior management remain informed.



1.5. Materiality

In this 2023 ESG report, DRC reveals its inaugural materiality assessment, affirming its dedication to sustainable business practices. DRC's strategic focus encompasses environmental stewardship, social responsibility, and effective governance. DRC has meticulously selected materiality criteria to identify key issues that align with its values and long-term sustainability plans. By prioritising material aspects, such as water conservation, community engagement, and transparent governance, DRC aims to drive meaningful change and contribute to the overall well-being of the community. This strategic approach not only underscores DRC's dedication to ESG principles but also highlights its proactive efforts to address the most pertinent sustainability challenges facing the beverage industry.

Key Material Issues

Environment

- Energy Management and Carbon Footprint
- Water Management
- Waste Management

Social

- Employee Welfare and Diversity
- Developing high-quality products
- Investing in our community

Governance

- Board Composition
- Business Ethics

2. Environmental

DRC Environmental Performance

SDG Alignments- SDG 12, SDG 13, SDG 14, SDG 15

- 2.1. Energy and Carbon Footprint
- 2.2. Water Management
- 2.3. Waste Management

2.1. Energy and Carbon Footprint

DRC acknowledges the environmental impact linked to its production and recognises the growing need to develop products and solutions that help minimise this impact. In response, the Company has implemented measures to ensure the adoption of best practices. These initiatives aim to reduce the Company's ecological footprint by

- improving production efficiency,
- incorporating environmentally friendly technologies,
- and demonstrating responsibility in its use of natural resources.

The Company is strongly devoted to efficiently using resources, covering the management of waste, water, energy, and carbon emissions. Ongoing efforts are directed towards enhancing efficiencies across the entire business, including products, the supply chain, and facilities, as part of its commitment to sustainable practices and responsible corporate citizenship.

Initiatives taken in 2023.

In 2023, significant initiatives were undertaken to enhance sustainability and efficiency within the company:

- LED light fittings were installed across the Plant building and Wastewater Treatment Plant area, resulting in a commendable annual energy saving of 133,320 kWh, with an investment of AED 45,000.
- Additionally, the upgrade of light fittings in the Main, Sales office & Employees facility buildings yielded substantial energy savings amounting to approximately 193,689 kWh per year. This project required an approximate investment of AED 140,000.
- To reduce reliance on diesel consumption, the Company introduced 4 Electric forklifts, effectively curbing diesel usage by approximately 37,000 Litres annually.

DRC's commitment to renewable energy is reflected in its consistent utilisation of renewable sources, accounting for approximately 10% of its energy mix. Notably, DRC's on-site solar power generation of 5,760,416 kilowatt-hours contributes significantly to this renewable energy initiative. These data-driven achievements depict DRC's effort to improve its energy efficiency and sustainability, embodying a harmonious synergy between responsible resource management and operational excellence.

Emissions

DRC's production landscape reflects a consistent growth trajectory, with total production reaching 308.6 million litres in 2023, driven by increasing volumes in both carbonated and non-carbonated beverages. While the production has increased to a certain level, DRC's energy performance has mirrored a slight increase in both direct and indirect energy consumption. While Direct Energy consumption increased due to the increase in number of sales trucks for CSD & Snack products, DRC's effective emissions management is evident in the Scope 1 emissions by approximately 6.7% increase from 10450 tonneCO₂eq in 2022 to 11,155.3 tonneCO₂eq in 2023. Although there is a slight increase of about 7.89% in Scope 2 emissions from 6519 tonneCO₂eq in 2022 to 7,033.7 tonneCO₂eq in 2023, the reason being the increase in total production. The greenhouse gas emissions intensity has approximately remained unchanged from

last year to 0.058 kg CO₂e/Litre of production. DRC remains committed to assessing contributing factors and implementing corrective measures for a balanced environmental performance.

1. Scope 1 Emissions

Year	Scope 1 Emissions* (tonneCO ₂ eq)
2021	9,768
2022	10,450
2023	11,155.3

[*Footnote: The data presented in the Scope 1 Emissions table encompasses the consumption of petrol and diesel for the year 2023. The calculations for GHG emissions are in accordance with the GHG Protocol, providing an updated, comprehensive and standardised methodology.]

2. Scope 2 Emissions

Year	Scope 2 Emissions** (tonneCO ₂ eq)
2021	6,602
2022	6,519
2023	7,033.7

[**Footnote: For the Scope 2 Emissions table, the calculations have been derived using the emission factor provided by DEWA (Dubai Electricity and Water Authority) for the respective year. DEWA's emission factor is employed to estimate the indirect emissions associated with electricity consumption, ensuring accuracy and alignment with local energy standards.]

3. Total GHG Emissions (Scope 1 + Scope 2):

Year	Scope 1 Emissions (tonneCO ₂ eq)	Scope 2 Emissions (tonneCO ₂ eq)	Total GHG Emissions (tonneCO ₂ eq)
2021	9,768	6,602	16,370

2022	10,450	6,519	16,969
2023	11,155.3	7,033.7	18,189.1

4. GHG Emissions Intensity (kg of CO₂e/Litre of production)

Year	Intensity (kg CO ₂ e/Litre)
2021	0.060
2022	0.058
2023	0.058

Energy Usage

DRC's pursuit of sustainability is evident in its meticulous approach to energy management, emphasising both efficiency and responsible usage. DRC manages its energy usage by considering metrics such as energy intensity, usage patterns, and renewable share in total consumption.

The Company has taken significant measures to manage its energy consumption when it experienced an increase from 131,847 GJ in 2021 to 140,798 GJ in 2022. Despite the increase in the number of sales trucks for CSD & Snack products, DRC recorded its energy consumption to total of 145,929.519 GJ in 2023, putting more effort into optimising energy efficiency and reducing reliance on direct energy sources.

In terms of direct energy usage, represented by diesel and petrol, DRC has showcased a reduction in intensity over the years. From 0.487 MJ/Litre in 2021 to 0.4728 MJ/Litre in 2023, DRC has improved its direct energy efficiency by approximately 2.9%. Meanwhile, a parallel commitment to reducing electricity intensity is observed, with a notable drop from 0.2062 MJ/Litre in 2021 to 0.203 MJ/Litre in 2023.

1. Energy Intensity

Year	2021	2022	2023
Diesel and Fuel use intensity (Direct Energy in MJ/Litre)	0.4870	0.4842	0.4728

Year	2021	2022	2023
------	------	------	------

Electricity use intensity (Indirect Energy in MJ/Litre)	0.2062	0.1998	0.2036
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2. Direct Energy usage

Year	2021	2022	2023
Total Direct Energy Consumed (GJ)	131,847	140,798	145,929

3. Indirect Energy usage

Year	2021	2022	2023
Total Indirect Energy Consumed (GJ)	55,822	58,077	62,661

4. Non-Renewable Energy usage

	Non-renewable Energy (Fuel) used	Non-renewable Energy (Electricity) used	Renewable Energy used
in %	69.95%	30.04%	9.94%

Solar Energy

In its endeavour to decrease reliance on traditional electricity sources and reduce its carbon footprint, the company has embraced the use of renewable energy as a vital element in its operations. Solar photovoltaic (PV) panels have been installed on the rooftop of its new facility, covering an area of 50,000 square metres. In 2023, on-site solar power generation was 5,760,416 KWh contributing 9.94% of total energy consumed.

1. Solar power generation of 5,760,416 KWh in 2023
2. 9.94% of total energy consumption is coming from renewable source.



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Air Quality and Noise Levels

DRC performs monitoring of Air Quality and Noise Levels using standard sampling and testing procedures. This guarantees compliance with the air quality limits stipulated by the Dubai Government Green Building Regulations and Specifications.



2.2. Water Management

Efficient water management is a top priority for the Company, showcasing its commitment to sustainability and corporate responsibility for a more environmentally conscious future. The Company is committed to ensuring responsible water usage and effective wastewater management to mitigate any negative impacts on the environment or local communities.

Water Consumption and Efficiency

Over the years, DRC has maintained a relatively stable water consumption pattern. The total amount of water consumed in 2023 stands at 462,632 m³, indicating a consistent approach to managing water resources. Noteworthy is the continual improvement in water intensity, with the Company achieving a reduction from 1.64 litres per unit of production in 2021 to 1.55 litres in 2023, reflecting a decrease of approximately 5.49%. This downward trend signifies DRC's proactive efforts to enhance water efficiency and optimise usage in its operations.

Year	2021	2022	2023
Total Amount of Water Consumed (in m3):	465,620	458,478	462,632

Water Discharge

While the total amount of water discharged has shown variations, notably increasing in 2023, DRC is cognizant of the importance of minimising water discharge. The percentage change in water discharge from 2022 to 2023 indicates an increase of approximately 75.25%. The Company is actively exploring strategies to optimise processes and reduce water discharge.

Year	2021	2022	2023
Total Amount of Water Discharged (in m3):	76,232	38,179	66,967

Water Recycling

DRC's efforts in water recycling contribute significantly to sustainable water management. The consistent investment in recycling infrastructure is reflected in the upward trajectory of water recycling figures. In 2023, DRC recycled 144,746 m³ of water, demonstrating a commitment to recycling water practices and reducing reliance on freshwater sources. The percentage change in water recycling from 2021 to 2023 indicates an increase of approximately 19.46%.

Year	2021	2022	2023
Total Amount of Water Recycled (in m3):	121,393	152,550	144,746

	Total Water Consumed	Total Water Recycled
%	100%	31.28%
m3	462,632	144,746

As part of its ongoing commitment to environmental responsibility, DRC is actively exploring innovative technologies and practices to further enhance water management. The Company recognises the importance of continuous improvement in reducing water consumption, optimising recycling processes, and minimising water discharge. DRC's Water Management strategy emphasises water conservation throughout the process and production of goods, incorporating the following measures:

- Employing water metres to monitor and record water consumption across various areas.
- Collecting and recycling processed wastewater through utility equipment after requisite filtration.
- Implementing a litre-to-litre beverage production ratio for greater efficiency and reduced water consumption in its manufacturing process.

Through consistent efforts to reduce water intensity, increase recycling, and minimise discharge, DRC strives to align its operations with the highest standards of ESG principles. As the Company moves forward, it remains committed to fostering a water-resilient future and contributing positively to the broader goals of environmental conservation and sustainability.

2.3. Waste Management

DRC understands the crucial role of waste management in the food and beverage industry. In alignment with the UAE Vision 2030, the Company remains committed to minimising waste by implementing recycling measures, waste reduction strategies, and utilising sustainable resources throughout every stage of its production cycle.

With a world-class warehousing system and a state-of-the-art production plant, the Company employs efficient waste management strategies. Numerous small bins, labelled to indicate the type of waste, are strategically placed in warehouse and production areas and collected daily.

In 2023, there was a 4.6% increase in the waste generated compared to the preceding year, 2022. This increase is expected considering the Company's 6.12% growth in production, highlighting the Company's more efficient waste management practices with a higher increase in production to waste. Nonetheless, when compared with the waste production in 2021, the change was virtually null. Out of the 1,029 tonnes of waste generated, 73.4% (755 tonnes) were successfully diverted from disposal, while the remaining 26.6% (274 tonnes) were directed towards disposal. This distribution pattern reflects a shift of only 0.5% from the corresponding figures in 2022, where 73.9% was diverted from disposal and 26.1% was directed to disposal. Nonetheless, this distribution illustrates a noteworthy enhancement from the waste disposal allocation observed in 2021, which stood at 60.6% diverted from disposal and 38.4% directed to disposal. It is crucial to emphasise that all generated waste during this period was categorised as non-hazardous.

	2021	2022	2023
Waste Diverted from Disposal (in tonnes)	624	727	755
Waste Directed to Disposal (in tonnes)	406	257	274

- 1,029 tonnes of waste generated.
- Waste: 73.4% diverted from disposal and 26.6% directed to disposal.

Initiatives taken in 2023.

- The adoption of recycled PET preforms for the production of 2,280,000 (500ml) PET bottles underscores the commitment to sustainability and responsible resource utilisation.
- Further optimization measures were implemented in PET bottle production, resulting in a reduction of approximately 25,000kg PET/Plastic by employing a 50.13 gm preform instead of the previous 51.6gm variant.
- Notably, the Company successfully diminished carton usage by a substantial 220 tons through the innovative reuse of 294,000-layer pads.

3. Social

DRC Social Performance

SDG alignments- SDG 3, SDG 5, SDG 8, SDG 10

- 3.1. Employee Welfare & Diversity
- 3.2. Our Customers & Community



3.1. Employee Welfare & Diversity

DRC acknowledges the significance of fostering a corporate culture that assists its employees in their pursuit of professional growth. DRC has implemented policies and initiatives that place the welfare and development of its people first, since its inception. This not only facilitates the success of DRC's personnel in their respective positions but also is indispensable to the accomplishment of the company's goals. It continues its commitment to investments in its employees' professional growth and endeavours to generate opportunities that enable them to achieve their utmost capabilities.

DRC cultivates a culture of support to ensure inclusivity for all employees, irrespective of their gender, ethnicity, religion, or origin. DRC recognizes the importance of fostering a diverse workforce and strives to establish an equitable and inclusive work environment that appreciates and recognises the unique contributions of every individual. DRC's efforts are reflected in its low employee turnover of 9.72% compared to the high industry average for the UAE.

In 2023, DRC's employee turnover rate was 9.72%. A total of 116 new full-time employees were hired. Approximately 94% were male employees, while women made up around 6%. This hiring trend reflects the broader pattern seen in the food and beverages manufacturing industry, where the workforce is predominantly male dominated. Despite this trend, DRC remains committed to actively encouraging female employment and aims to increase the number of female employees in its workforce.

- Women represent 10.71% of the Senior and Executive Management positions at DRC.
- 116 new full-time hires

Employee Composition

Diversity Overview		2021	2022	2023
Total Full-Time Employees		1033	1058	1194
Total Male Employees		997	1020	1148
Total Female Employees		36	38	46
Turnover Rate		12%	11%	9.72%
Entry-level Employees	Male	180	185	193
	Female	16	19	28
Mid-level Employees	Male	66	64	68
	Female	12	13	12
Senior-level Employees	Male	33	34	36
	Female	5	4	4
	Male	13	14	14

Executive-level Employees	Female	3	2	2
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Total New Employee Hires in 2023	%
Age 18-30	36.2%
Age 31-50	56.9%
Age +51	6.9%

- Emiratis represent 14.28% of Senior Management and Executive roles and 9.52% of Middle Management roles at DRC.
- 57% of the local employees at DRC are women.
- 66% of local employees are in the age bracket of 18-30 years.
- Emiratisation as a proportion of the total workforce stands at 1.76% in DRC.

Nationalisation Overview		2021	2022	2023
	Total HR	0.6%	1.4%	1.76%
	Entry Level (Grade 3 & 4)	5	11	16
	Mid-Level (Grade 5 and 5s)	0	1	2
	Senior Level (Grade 6 and 7)	2	1	1
	Executive Level (Grade 8,9 and 10)	1	2	2

DRC's Human Rights Framework

DRC is dedicated to upholding fundamental principles of human and workplace rights across all the regions where it operates. Since its establishment, DRC has instituted policies and procedures to safeguard its personnel against any infringements on their rights. DRC's efforts align with Federal Decree-Law No. 33 of 2021, which governs labour relations in the private sector and came into effect in February 2022. This legislation, along with other applicable laws

and regulations, is crafted to safeguard the rights of both employers and employees and promote the creation of shared value.

Recognising the significance of maintaining a workplace that is secure, fair, and respectful, DRC has established policies and procedures that advocate for equitable treatment, prevent discrimination, and ensure that every individual is treated with dignity and respect. DRC also provides training and education to its staff, ensuring they are cognizant of their rights and responsibilities and are well-prepared to contribute to a positive and inclusive workplace. At DRC, its commitment to upholding these principles is unwavering, and it takes pride in the positive impact they have on its personnel and operational activities.

The following policies are in place at DRC to protect the rights of its employees.

- Harassment and/or Non-Discrimination Policy
- Formal Grievance Mechanism
- Child and/or Forced Labour Policy
- Human Rights Policy

Remuneration

To draw in and retain high-calibre professionals, DRC offers competitive and unbiased compensation packages that align with market standards and internal equity. DRC acknowledges that a just and inclusive workplace should ensure equal compensation for identical roles, irrespective of gender or cultural background. The slight variance observed in the median salaries of male and female employees in 2023 can be attributed to the nature and level of the positions held by females in relation to the overall employee count.

Remuneration Ratio	2021	2022	2023
Pay Ratio Median Male: Female	0.41:1	1:5.7	1:5.2
Pay Ratio Median CEO: Employees	68.5:1	73.2:1	58.19:1

Employee Health & Safety

Safeguarding the well-being of its workforce stands as a foundational principle at DRC, particularly with regards to manufacturing and distribution operations. Therefore, instilling this safety culture is imperative across all its business operations. In alignment with this commitment, DRC's Health and Safety team adheres to its Health and Safety Policy, delivering training, resources, and procedures aimed at preventing and mitigating health and safety risks and ensuring employees comprehend their responsibilities in fostering a secure environment. The policy and procedure framework to minimise and mitigate risks for its employees is guided by the ISO45001 Health & Safety Management System. DRC actively encourages collaboration among employees, management, and suppliers to establish goals, assess safety and health risks, formulate recommendations, and implement necessary improvements.

In accordance with Clause 13 of Article 13 of Federal Decree-Law No. 33 of 2021 regulating Labour Relations in the Private Sector (the UAE labour law), it is dedicated to:

- Adhering to UAE regulations on workplace safety (UAE Labour Law).
- Conducting regular audits (both internal and external) to assess actual and potential risks, with subsequent on-site inspections for health and safety risks.
- Aligning with existing standards while routinely updating frameworks for establishing and reviewing Occupational Health and Safety (OHS) Objectives and Targets.
- Regularly communicating with employees and stakeholders.
- Periodically review its OH&S policies to ensure they remain updated, relevant, and pertinent to DRC.
- Tracking and taking responsibility for reportable incidents to raise awareness about the significance of a safe and healthy workplace.
- Ensuring robust risk controls, including regular inspections of personal protective equipment.
- Conducting frequent briefings with employees on fatigue, heat stress, hearing conservation, and respiratory protection.

While the Company regrettably experienced one fatality which was due to a vehicle accident, it remains steadfast in its commitment to prioritise safety and take proactive measures to prevent any further incidents, demonstrating its unwavering dedication to ensuring the well-being of its employees and stakeholders.

Overview of the 2023 Health & Safety Performance

Metric	Value
Total number of employee fatalities	1
Employee Lost Time injury (LTI)	5
Lost Time Injury Frequency (LTIF)	1.51
Total Health and Safety Training Provided	515 hours

3.2. Our Customers & Community

DRC acknowledges the pivotal role that communities play in shaping a favourable business environment. Therefore, it is committed to making a lasting positive impact on the communities within its operational markets, recognising the interconnectedness between its community investments, business strategy, and the needs of local communities. Its community engagement aligns with both local and global standards, including the UN Sustainable Development Goals (SDGs) and the UAE Vision 2030.

In pursuit of this commitment, DRC has actively supported diverse companies and projects, deploying its expertise, financial resources, and products to contribute to community programs. Throughout 2023, DRC collaborated with various companies to bolster initiatives through investments and product contributions.

Privileged to offer assistance to those in need within its communities, DRC's Corporate Social Responsibility (CSR) initiatives amounted to over AED 30,000, while its employees dedicated a total of 80 hours volunteering for various causes relevant to social and environmental good. In addition, the Company's CSR strategy includes sports sponsorships to promote physical activity among youth, fostering positive social outcomes. The Dubai Sports Council sponsorship, totalling AED 200,000, along with free Aquafina water, covers diverse sports events, encouraging youth participation in healthy pursuits such as Battle Cancer, Schools Champions for water polo, and Dubai Women's running Challenge.

The Company proudly supported COP 28, the UN climate change conference, providing coolers, vending machines, and innovative Aquafina Water Stations. These stations promote sustainability and offer a personalised, eco-friendly hydration experience, saving 1.1 million 500ml plastic water bottles.

Some of the key initiatives undertaken by DRC in 2023 include a Blood Donation Drive, during which over 80 of its employees volunteered to donate blood to Dubai Health Authority. Second, Aquafina water bottles were distributed among 1,000 blue-collar employees. Lastly, acknowledging the challenges faced by individuals battling mental health issues, luggage bags, dates & perfumes were provided to 15 individuals.

DRC remains committed to ongoing investment and active participation in building a sustainable future, addressing climate, social, and community issues in collaboration with stakeholders and various partners in the sector.

4. Governance

DRC Governance Performance

SDG Alignments - SDG 6, SDG 10, SDG 12

4.1. Board Composition

4.2. Business Ethics



Corporate Governance

The main responsibility of effective corporate governance is to establish a stable and sustainable operational environment that ensures long-term value for all stakeholders and enhances performance. DRC has effectively implemented a comprehensive governance framework that guarantees the attainment of its strategic goals, maximises the provision of products and services, facilitates effective risk management and enhances customer satisfaction.

DRC's Board of Directors and Management are responsible for implementing DRC's strategies. They possess extensive expertise and are committed to maintaining the highest standards of corporate governance.

The Board is constituted of seven members, comprising six males and one female; the Board's composition includes four non-independent and three independent members. The CEO does not hold any position at the board. Its diverse range of expertise, experience, and perspectives allows it to effectively meet the needs of its stakeholders.

Board Diversity	2021	2022	2023
Males (%)	7 (100%)	6 (83.3%)	6 (83.3%)
Females (%)	0	1 (16.7%)	1 (16.7%)

4.1. Board Composition

Committees

The Audit Committee

Appointed by the Board of Directors, the Audit Committee of DRC is chaired by one of DRC's independent board members, Mr. Nawwaf Ghubash Almarri. The Committee's responsibility is to supervise the internal control systems, verify the implementation of any required corrective actions, and ensure the efficient operation of all management procedures. The Committee is responsible for overseeing the functions and processes of DRC to ensure their adherence to the applicable laws of the UAE and the regulations set forth by the Securities and Commodities Authority. This includes approving and conducting internal and external audits, monitoring financial statements and reports, and verifying that all employees are practising the Company's code of conduct and upholding its values.

Name	Position	Type of Membership
Mr. Nawwaf Ghubash Almarri	Chairman of the Committee	Non-executive/ Independent
Mr. Mohamed Ali Nasir Alowais	Committee Member	Non-executive/ Independent
Mr. Ibrahim Ustadi	Committee Member	Non-independent

The Nominations and Bonuses Committee

As an integral part of the Company, the Nomination and Bonus Committee plays a crucial role in safeguarding the welfare of both employees and the Board. This involves the implementation of policies and procedures related to compensation structures, rewards, and incentives. Additionally, it evaluates the effectiveness of the company's capacity development and human resource management, along with evaluating the Board performance and conduct training whenever required. Two of the three committee members serve as an Independent Non-Executive Director, and the committee is chaired by an independent board member, Mrs. Eman Mahmood Abdulrazzak.

Name	Position	Type of Membership
Mrs. Eman Mahmood Abdulrazzak	Chairperson of the Committee	Non-executive/ Independent
Mr. Mohamed Ali Nasir Alowais	Committee Member	Non-executive/ Independent
Mr. Ibrahim Ustadi	Committee Member	Non-executive/ Non- Independent

The Insiders' Transactions Supervision Committee

DRC has established a committee to oversee and monitor security measures against insiders' transactions through a board resolution and in accordance with the regulatory framework established by the Securities and Commodities Authority (SCA) Board of Directors (03/R.M) of 2020 and its amendments. This committee, comprising the Chief Executive Officer and the Director of Legal, is responsible for providing regulators and board members overseeing the Company's shares, as disclosed in the Annual Corporate Governance Report, with regular updates of the insider list.

Risk Committee

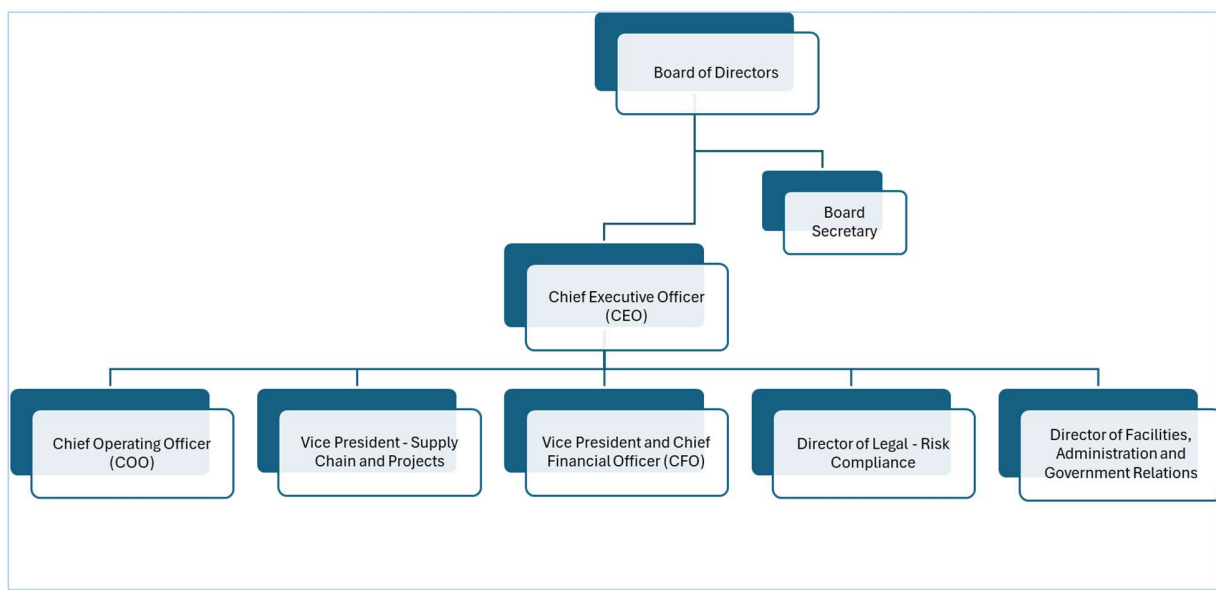
The committee's primary responsibility is to ensure the Company's operational integrity by identifying and mitigating potential risks. The committee devises all-encompassing risk management policies and strategies to guarantee that the Company's activities stay within its predetermined level of risk tolerance.

In addition, the committee is responsible for assessing the efficiency of the existing frameworks and offering advice to management as needed to enhance risk management practices and reduce particular risks. Two of the three members of this committee are independent including the chairperson, Mr. Mohamed Ali Naser Alowais.

Name	Position	Type of Membership
Mr. Mohamed Ali Nasir Alowais	Chairman of the Committee	Non-executive/ Independent
Mr. Nawwaf Ghubash Almarri	Committee Member	Non-executive/ Independent
Mr Ali Humaid Al Owais	Committee Member	Non-independent

Delegation of Authority and Management

The administrative and operational activities of the Company are under the supervision of the Board of Directors. A distinguished professional team, consisting of the CEO, directors, vice presidents, head of departments and managers, executes its responsibilities in accordance with the directives of the Board of Directors.



4.2. Business Ethics

Governance Framework

DRC's governance system is founded upon its fundamental principles of integrity, respect, leadership, service excellence, a positive mindset, employee welfare, a focus on achieving results, and a dedication to its stakeholders. These systems guarantee that all matters are handled with accountability, transparency, integrity, and disclosure for the benefit of its stakeholders. In conjunction with a transparent and genuine approach to disclosure, elevated standards of corporate governance are essential for fostering positive stakeholder relations and enhancing corporate performance.

The governance structure of the DRC is firmly based on a set of fundamental principles, such as integrity, respect, leadership, service excellence, a positive mindset, staff welfare, a focus on achieving results, and a dedication to stakeholders. The company's governance systems are built upon these values, which are carefully crafted to ensure accountability, transparency, integrity, and disclosure in all areas of its operations. DRC places great importance on maintaining high standards of corporate governance and adopts a sincere and unwavering approach to disclosure.

Data Privacy

DRC highly values the proficient management of sensitive data by its workforce. By not disclosing or utilising any trade secrets or confidential information that DRC or any stakeholders with whom DRC is affiliated, DRC is dedicated to maintaining stakeholder trust. Ensuring the confidentiality of its stakeholders' information is a paramount concern. It is the responsibility of every employee to handle with the utmost caution any information pertaining to partners, clients, or the Company that they obtain, guaranteeing the security of each individual.

DRC upholds a stringent data privacy policy to safeguard any non-public, valuable information that, if disclosed without authorization, could pose risks to the Company. Its commitment to data privacy extends to explicit communication with employees, emphasising the importance of maintaining confidentiality regarding information related to the Company and its stakeholders. Employees are not only made aware of the significance of data privacy but are also obliged to adhere to policies ensuring the proper handling and secure return of confidential documents at the conclusion of each workday. This approach ensures that DRC maintains a robust data privacy framework, fostering trust and compliance in handling sensitive information.

DRC strictly adheres to the comprehensive policies established to safeguard its information. As such, employees are strictly prohibited from exploiting or disclosing any confidential data for personal benefit.

DRC is dedicated to complying with data protection regulations and rules and maintaining ethical standards regarding the privacy of stakeholder information. Devoted to the proper utilisation of stakeholder data throughout its lifecycle, including collection, use, retention, and disclosure.

Zero data security breaches reported in 2023.

The Prevention of Corruption and Ethics

DRC is committed to effecting positive change through the maintenance and promotion of high standards of ethical rules and behaviour. In accordance with its commitment to conduct business ethically and fairly, it requires that every employee exhibit integrity and candour and accept accountability for their conduct.

Every form of corruption, including bribery, is rigorously prohibited in DRC, and it adheres to all anti-corruption regulations in the UAE in addition to its compliance with leading global rules and best practices in this regard. To reduce the likelihood of corruption in its business dealings, it has implemented stringent anti-corruption and compliance controls and procedures, including enhanced due diligence, screening, and monitoring. Moreover, to prevent unintentional infractions and to identify and resolve potential problems, its personnel are provided with extensive induction and training programmes that aim to educate them about corruption risks and relevant anti-corruption legislation.

Employees are provided with a document that provides a comprehensive overview of issues related to upholding ethical standards and its policies regarding the prevention of corruption. With a strong commitment to upholding its rigorous ethical standards, it is proactively engaged in executing the exercise and supervising employees' compliance.

100% workforce compliant with the Anti-Corruption Policy

Whistleblower Procedure

DRC fosters a robust culture of openness and accountability regarding misconduct, which empowers it to promptly confront and resolve concerns. This not only instils confidence in its customers, partners, and employees, but also safeguards the Company against legal, reputational, and financial hazards.

DRC has a culture where employees feel at liberty to express their concerns or seek clarification via various means, such as consulting with its Human Resources department and supervisors, or by using its specialised and private email address, drcaudit@eim.ae, which is confidential and direct to the chairperson of the Audit committee. Reports may be submitted anonymously, provided that legal authorization is granted. DRC firmly prohibits any type of reprisal for disclosing possible malfeasance involving senior management, fellow employees, the Board of Directors, or other wrongdoers.

Grievance Procedures

DRC empowers its personnel to report instances of unlawful conduct or discriminatory conduct, as well as encounter obstacles that may arise in the course of their professional responsibilities. The employee files its grievance before the employee's relations in the HR department who offers full support, review and further investigation of the reported grievance and taking the convenient measures in accordance with the policies and procedures in place. through their grievance applications, the employees can anticipate the implementation of a suitable remedial process aimed at resolving their concerns. If deemed necessary,

human resources may escalate employee complaints to other members of senior management, while making every effort to safeguard the welfare of the employee.

All employees are entitled to this privilege, irrespective of their age, gender, level of employment, or cultural heritage. Disagreements may manifest in various forms, such as those concerning employment practices, working conditions, working relationships, or the interpretation of policies.



5. DFM and GRI Index

CATEGORY	METRIC	INDICATOR	CORRESPONDING GRI STANDARDS	CORRESPONDING SDGS	Section Number	
ENVIRONMENTAL	E1. GHG Emissions	E1.1) Total amount of Scope 1 emissions	GRI: 1-305	SDG 13	2.1 Energy and Carbon Footprint	
		E1.2) Total amount of Scope 2 emissions	GRI: 305 -2			
		E1.3) Total amount of Scope 3 emissions	GRI: 3- 305			
		E1.4) Please describe investments, initiatives and projects to reduce CO2 emissions				
	E2. Emissions Intensity	E2.1) GHG emissions intensity	GRI: 4- 305			
		E2.2) Non-GHG emissions intensity	GRI: 7-305			
	E3. Energy Usage	E3.1) Total amount of direct energy consumed	GRI: 1,2-302	SDG 12		
		E3.2) Total amount of indirect energy consumed	GRI: 1,2-302			
	E4. Energy Intensity	E4.1) Direct energy use intensity	GRI: 1-302	SDG 7, SDG 12		
		E4.2) Total indirect energy usage per output scaling factor	GRI: 2-302			
		E4.3) Please describe investments, initiatives and projects to reduce energy consumption and to increase energy efficiency	GRI: 1,2-302			
	E5. Energy Mix	E5.1) Renewable energy used	GRI: 1-302	SDG 7		
		E5.2) Non-renewable energy used	GRI: 2-302			
	E6. Water and Effluents	E6.1) Total amount of water withdrawn	GRI: 3-303	SDG 6, SDG 12		2.2. Water Management
		E6.2) Total amount of water discharged	GRI: 4-303			



دبي للمطبات (ش.م.ع.)
DUBAI REFRESHMENT (P.J.S.C)*

P.O. Box 420, Dubai - UAE
Tel. : +971 4 802 5000
Fax: +971 4 802 5098
Email: info@pepsidrc.ae
Call Center: 800 73774
www.pepsidrc.com

		E6.3) Total amount of water consumed (If possible, a breakdown by source: surface water, groundwater, seawater, etc.)	GRI: 303-5		
		E6.4) Water intensity			
		E6.5) Water recycled (If applicable)			
		E6.7) Please describe investments, initiatives and projects to reduce water consumption and to increase water recycling			
	E7. Waste	E7.1) Total amount of waste generated (if possible, broken down by Hazardous and Non-hazardous)	GRI: 3-306	SDG 12, SDG 14, SDG 15	2.3. Waste Management
		E7.2) Total amount of waste diverted from disposal (if possible, broken down by Hazardous and Non-hazardous)	GRI: 4-306		
		E7.3) Total amount of waste directed to disposal (if possible, broken down by Hazardous and Non-hazardous)	GRI: 306-5		
		E7.4) Total number and volume of oil spills (if applicable)			
		E7.5) Please describe investments, initiatives and projects to reduce waste generation consumption and to increase waste recycling	GRI: 11 Oil and Gas Sector		
	E8. Environmental Management	E8.1) Does your company follow a formal Environmental Policy?	GRI: 23-2	SDG 13	2. Environmental 4. Governance
		E8.2) Does your company follow specific waste, water, energy, and/or recycling policies?	GRI: 24-2		
		E8.3) Does your company adopt a recognized environment and energy management systems such as ISO14001 and ISO50001?			
		E8.4) Does your company have targets in place with regards to environment, energy, water and waste?			





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DUBAI REFRESHMENT (P.J.S.C)*

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		E8.5) Please indicate if any fines received (> USD 10000) for non-compliance with laws and regulations regarding environmental management during the last reporting period	GRI 27-2 :2		
	E9. Climate Risk Management and Oversight	E9.1) Does your Board/Management Team oversee and/or manage climate-related risks and opportunities? If yes, describe.	GRI 12 :2	SDG 13	2. Environmental 4. Governance
		E9.2) Please describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.			
		E9.3) Please describe the organisation’s processes for identifying and assessing climate-related risks			
		E9.4) Please describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning			
		E9.5) Total amount invested, periodically, in climate-related infrastructure, resilience and product development			
		E9.6) Please describe the greenhouse gas emission targets (Scope1, Scope 2 and Scope3) and the related risks			
		E9.7) Please share your actions to align with UAE's Net Zero Commitment by 2050. Do you have a net zero emissions target in place?			
	E10. Biodiversity	E10.1) Please share number of operational sites owned, managed and/or leased in or adjacent to protected areas and areas of high biodiversity value.	GRI: 1-304	SDG 15	
		E10.2) Please describe significant impacts of activities, products and services on biodiversity	GRI: 2-304		
SOCIAL	S1. CEO Pay Ratio	S1.1) Please share the ratio of CEO total compensation to	GRI 2: 21	SDG 10	3.1. Employee Welfare & Diversity





دبي للمطبات (ش.م.ع.)
DUBAI REFRESHMENT (P.J.S.C)*

P.O. Box 420, Dubai - UAE
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www.pepsidrc.com

		median full-time employee (FTE) total compensation			
		S1.2) Does your company report this metric (above) in any regulatory filings?			
	S3. Breakdown with Staff	S2.1) Please share the total enterprise headcount held by full-time employees (broken down by gender, age and seniority level)	GRI 2:7	SDG 5, SDG 8	
		S3.2) Please share the total enterprise headcount held by part-time employees (broken down by, gender, age and seniority level)	GRI 2:7		
		S3.3) Please share the total enterprise headcount held by contractors and/or consultants	GRI 2:8		
		S3.4) Please share the total of national employees (broken down by, gender, age and seniority level)	GRI: 202-2		
	S4. Employee Turnover and New Hires	S4.1) Year-over-year change for full-time employees (broken down by gender, age, and seniority level)	GRI: 401-1		
		S4.2) Year-over-year change for part-time employees	GRI: 401-1		
		S4.3) Year-over-year change for contractors and/or consultants	GRI 2: 8		
		S4.4) Year-over-year of new hires (broken down by age, gender and seniority level)	GRI: 401-1		
	S5. Gender Diversity and Equality	S5.1) Total enterprise headcount held by men and women	GRI 2: 9 / GRI: 405-1	SDG 5	
		S5.2) Total entry and mid-level positions held by men and women	GRI 2: 9 / GRI: 405-1		
		S5.3) Total senior and executive-level positions held by men and women	GRI 2: 9 / GRI: 405-1		
		S5.4) The ratio of median male employee compensation to median female employee compensation	GRI: 405-1		





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		S5.5) Please describe your company's initiatives or programs to support the recruitment and retention of female employees, and to support female employees to advance to management positions.	GRI: 2-19		
	S6. Human Rights	S6.1) Does your company follow a harassment and/or non-discrimination policy?	GRI 2: 23	SDG 10	
		S6.2) Does your company have a formal grievance mechanism in place?	GRI 2: 23		
		S6.3) Does your company follow a child and/or forced labor policy?	GRI 2: 23		
		S6.4) Does your company follow a human rights policy?	GRI 2: 23		
		S6.5) Does your company provide training on human rights and related internal policies for your employees?	GRI: 404-1		
	S7. Health and Safety	S7.1) Does your company follow an occupational health and safety policy?	GRI 2: 23 GRI: 403-9 GRI: 403-9	SDG 3	
		S7.2) Does your company adopt a recognized health and safety management systems such as ISO45001?			
		S7.3) Please share the total employee and total contractors (if available) manhours	GRI: 403-9		
		S7.4) Please share the total employee fatalities	GRI: 403-9		
		S7.5) Please share the employee lost time injury (LTI)	GRI: 403-9		
		S7.6) Please share the lost time injury frequency (LTIF)	GRI: 403-9		
		S7.7) Please share the total health and safety training provided to employees	GRI: 403-5		
	S8. Community Engagement	S8.1) Please share the total amount invested in the community, including		SDG 8	





دبي للمطبات (ش.م.ع.)
DUBAI REFRESHMENT (P.J.S.C)*

P.O. Box 420, Dubai - UAE
Tel. : +971 4 802 5000
Fax: +971 4 802 5098
Email: info@pepsidrc.ae
Call Center: 800 73774
www.pepsidrc.com

		philanthropy, donations and sponsorships				
		S8.2) Please share the total employee volunteering completed during the reporting period				
GOVERNANCE	G1. Board Diversity	G1.1) Total board seats occupied by men and women	GRI 405-1	SDG 10	4.1. Board Composition	
		G1.2) Total committee chairs occupied by men and women	GRI 405-1			
	G2. Board Independence	G2.1) Does company prohibit CEO from serving as board chair?	GRI 405-1			
		G2.2) Please share the total board seats occupied by independents	GRI 405-1			
	G3. Collective Bargaining	*G3.1) Please share the total enterprise headcount covered by collective bargaining agreement(s) *Applicable to companies operating in countries in which collective bargaining is applicable by law “	GRI 2: 30		NA	
	G4. Supply Chain Management	G4.1) Are your vendors or suppliers required to follow a Code of Conduct?		SDG 12	4.2. Business Ethics	
		G4.2) If yes, what percentage of your suppliers are formally certified and compliant with the Code?	GRI: 308-1			
		G4.3) Please share the suppliers that underwent a supplier's environmental audit during the reporting period	GRI: 414-1	SDG 12		
		G4.4) Please share the suppliers that underwent a supplier's social audit during the reporting period	GRI: 308-1, 414-1			
		G4.5) Please share the new suppliers receiving warning due to the environmental/social screening	GRI: 2-19			
	G5. Ethics and Anti-Corruption	G5.1) Does your company follow an Ethics and/or Anti- Corruption policy?	GRI 2: 23	SDG 6		





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		G5.2) Please share the workforce formally compliant with the Anti-Corruption Policy	GRI: 205-2		
		G5.3) Please share the confirmed incidents of corruption during the reporting period	GRI: 205-3		
		G5.4) Please share the corrective measures taken corresponding to the confirmed incidents of corruption (in case of any)	GRI: 205-4		
	G6. Data Security	G6.1) Does your company follow a Data Privacy policy?	GRI: 418-1		
		G6.2) Has your company taken steps to comply with GDPR rules or similar standards?			
		G6.3) Data security breaches during the reporting period (if any)	GRI: 418-1		
	G7. Sustainability Practices	G8.1) Does your company publish a sustainability report?			Yes
		G8.2) Does your company publish a GRI, WEF SCM, SASB, IIRC, UNGC or CDP based reporting?			Yes
		G8.3) Does your company provide training to its employees regarding topics related to sustainability (environment, human rights, ethics etc.)?	GRI: 404-1		Yes
		G8.4) Please share the total sustainability related training provided to employees	GRI: 404-2		
	G9. External Assurance	G9.1) Are your sustainability disclosures assured or validated by a third party?	GRI 2: 5		

