INTEGRATED REPORT 2023

United Foods Company

UNITED FOODS COMPANY (PSC)
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

الأغذية المتحدة
United Foods

DIRECTORS' REPORT

The Directors are pleased to present their report, along with the audited consolidated financial statements of United Foods Company (PSC) (the "Company") and its subsidiaries (collectively, the "Group") for the year ending 31 December 2023.

Review of the Activities:

The Group demonstrated robust financial performance in 2023, achieving an impressive 8.3% growth in Sales Volumes. Despite a decline in revenues due to international edible oil price reductions, our margins improved significantly, reaching a healthy gross profit of AED 91,919,634, reflecting a growth of 15%.

In the competitive UAE market, we successfully maintained and expanded our market share, a testament to the strength of our brand and the quality of our products. The Group benefited from effective cost control, efficiency enhancements, process automations, development of cost-effective and healthy recipes, as well as diversification of our product portfolio and geographical expansion.

Our commitment to innovation, sustainability, and operational efficiency is evident in the strong profit margin of 5.2% of gross revenue.

The Net Profit for 2023 stands at AED 30,653,954, a significant increase from AED 17,434,256 in 2022. The Group's financial position continues to be strong, total assets rising to AED 414,550,895, compared to AED 388,221,634 in 2022, robust capital structure with zero debt.

Despite market uncertainties, we are optimistic about the future. Our focus on innovation, sustainability, and operational efficiency positions us well for continued growth. We remain committed to creating long-term value for our shareholders and stakeholders by capitalizing on distribution growth potential in the UAE, diversifying and expanding our product portfolio, pursuing strategic acquisition opportunities, and exploring new markets.

Appropriation

	2023 *AED*
Retained earnings balance as at 1 January 2023	184,146,539
Profit for the year 2023	30,653,954
Appropriations:	
Dividends declared and paid (relating to 2022)	(6,050,000)
Directors' remuneration	(2,914,110)
Retained earnings balance as at 31 December 2023	205,836,383

Directors propose a regular cash dividend of 30%, reflective of the steady financial performance of the Group and its dedication to providing consistent returns to the valued shareholders. Additionally, in recognition of the outstanding performance achieved in 2023, a special cash dividend of 30% is proposed. Therefore, a total cash dividend of 60% is recommended, amounting to AED 18,150,000 for the year 2023 subject to approval by the Shareholders at the Annual General Meeting

ISO 22000 BUREAU VERITAS Certification
HACCP BUREAU VERITAS Certification

UNITED FOODS COMPANY (PJSC)
PO Box 5836, Dubai, United Arab Emirates
Tel: +971 4 506 3800
Fax: +971 4 338 1987
www.unitedfoods.ae

شركة الأغذية المتحدة (ش.م.ع.)
ص.ب ٥٨٣٦، دبي، الإمارات العربية المتحدة
هاتف: ٠٠٩٧١٤٥٠٦٣٨٠٠
فاكس: ٠٠٩٧١٤٣٣٨١٩٨٧

DIRECTORS' REPORT (continued)

Directors

The list of Directors of the Group is as follows:

Mr. Ali Humaid Ali Abdalla Alowais	- Chairman
Mr. Mohamed Abdelaziz Alowais	- Executive Vice Chairman
Mr. Mohamed Salim Rashid Alowais	- Vice Chairman
Mr. Ahmed Abdalla Alowais	- Board Director
Mr. Abdullah Mohammed AlHuraiz	- Board Director
Ms. Alya Hussain Alzarouni	- Board Director
Mr. Hashem Salem Hashem Aldash	- Board Director
Mr. Ahmad Ali Salim Alowais	- Board Director
Mr. Abdulla Sultan Omran Alowais	- Board Director

For and on behalf of the Board

14 February 2024

Ali Bin Humaid Ali Abdalla Al Owais

Ernst & Young Middle East
(Dubai Branch)
P.O. Box 9267
ICD Brookfield Place, Ground Floor
Al-Mustaqbal Street
Dubai International Financial Centre
Emirate of Dubai
United Arab Emirates

Tel: +971 4 701 0100
+971 4 332 4000
Fax: +971 4 332 4004
dubai@ae.ey.com
ey.com

PL No. 108937

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNITED FOODS COMPANY (PSC)

Report on the audit of the consolidated financial statements

Opinion
We have audited the consolidated financial statements of United Foods Company (PSC) (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code")* together with the ethical requirements that are relevant to our audit of the consolidated 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 consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each 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 consolidated 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 consolidated 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 consolidated financial statements.

Building a better working world

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNITED FOODS COMPANY (PSC) (continued)

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
Revenue is considered as a material and an important determinant of the Group's performance and profitability. This gives rise to the inherent risk that revenue recognised might be overstated in order to present better performance or profitable results for the year. The Group generates revenue from sale of goods when control of the goods is transferred to customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods (refer note 2.3 to the consolidated financial statements for the revenue recognition policy). Furthermore, the revenue is adjusted by rebates and discounts given to the customers, which gives rise to the inherent risk of overstatement of revenue. Given the magnitude of the amount and the inherent risk of revenue overstatement, we consider revenue recognition to be a key audit matter.	To address the above risk, we performed the following procedures among others: - Tested the design and operating effectiveness of controls in respect of the Group's revenue and accounts receivable processes, including assessing the effectiveness of the IT General Controls and the relevant IT Application Controls; - Performed substantive testing and analytical procedures to test the reasonableness and completeness of the underlying calculation of the accruals for rebates and discounts; - Performed analytical procedures, including gross profit margin analysis and obtained explanations for significant variances as compared to previous year; - Performed sales cut-off procedures and selected a sample of invoices before and after year-end to test whether sales are recorded in the appropriate period; - Performed three-way correlation analysis between revenue, trade receivables and cash; - Obtained direct confirmations from customers and performed alternative procedures for the unconfirmed balances; and - Performed journal entries testing for accounts related to identified risks of material misstatement and verified them with supporting documents.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNITED FOODS COMPANY (PSC) (continued)

Report on the audit of the financial statements (continued)

Other information

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

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
UNITED FOODS COMPANY (PSC) (continued)**

Report on the audit of the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of material accounting policy information used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNITED FOODS COMPANY (PSC) (continued)

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Decree Law No. 32 of 2021, we report that:

i) the Group has maintained proper books of account;

ii) we have obtained all the information we considered necessary for the purposes of our audit;

iii) the consolidated 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;

iv) the financial information included in the Board of Directors' report is consistent with the books of account of the Group;

v) investments in shares and stocks during the year ended 31 December 2023 are disclosed in note 8 to the consolidated financial statements;

vi) note 21 reflects material related party transactions and the terms under which they were conducted;

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2023, any of the applicable provisions of the UAE Federal Law No. 32 of 2021 or of its Articles of Association which would have a material impact on its activities or its financial position as at 31 December 2023; and

viii) the Group made no social contributions during the year.

For Ernst & Young

Signed by:
Ashraf Abu-Sharkh
Partner
Registration No: 690

14 February 2024

Dubai, United Arab Emirates

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2023

	Notes	***2023 AED***	*2022 AED*
Revenue from contacts with customer, gross		**589,361,739**	670,339,574
Less: Discounts and rebates		**(24,095,775)**	(23,308,017)
Revenue from contracts with customers, net	3	**565,265,964**	647,031,557
Cost of sales		**(473,346,330)**	(567,022,474)
GROSS PROFIT		**91,919,634**	80,009,083
Selling and distribution expenses		**(45,218,929)**	(45,325,066)
General and administrative expenses		**(19,729,207)**	(18,333,712)
Finance costs		**(923,194)**	(1,868,485)
Other income, net		**4,605,650**	2,952,436
PROFIT BEFORE TAX		**30,653,954**	17,434,256
Income tax expense	28	**-**	-
PROFIT FOR THE YEAR	4	**30,653,954**	17,434,256
Profit attributable to:			
Owners of the Group		**30,653,954**	17,434,256
Earnings per share			
Basic and diluted - in AED	17	**0.92**	0.52

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023

	Notes	***2023 AED***	*2022 AED*
Profit for the year		**30,653,954**	17,434,256
Other comprehensive (loss)/ income			
Items that will not be reclassified subsequently to profit or loss			
Change in fair value of equity securities measured at FVOCI	8	**(210,877)**	(399,859)
		(210,877)	(399,859)
Items that may be reclassified subsequently to profit or loss			
Change in fair value of debt securities measured at FVOCI – Sukuk instruments	8	**93,615**	(284,402)
		93,615	(284,402)
Other comprehensive loss		**(117,262)**	(684,261)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**30,536,692**	16,749,995
Total comprehensive income attributable to:			
Owners of the Group		**30,536,692**	16,749,995

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Notes	2023 AED	2022 AED
ASSETS			
Non-current assets			
Property, plant and equipment	5	**74,554,704**	82,751,868
Right-of-use assets	6	**19,324,146**	19,773,326
Intangible assets	7	**1,688,217**	1,513,122
Financial assets at fair value through other comprehensive income	8	**32,662,668**	10,655,796
		128,229,735	114,694,112
Current assets			
Inventories	9	**72,456,800**	125,286,273
Trade and other receivables	10	**99,066,059**	110,293,001
Amounts due from related parties	21	**391,335**	501,029
Bank balances and cash	11	**114,406,966**	37,447,219
		286,321,160	273,527,522
TOTAL ASSETS		**414,550,895**	388,221,634
EQUITY AND LIABILITIES			
Equity			
Share capital	12	**30,250,000**	30,250,000
Statutory reserve	13	**15,125,000**	15,125,000
Regular reserve	14	**15,125,000**	15,125,000
General reserve	15	**65,314,980**	65,314,980
Fair value reserve	16	**31,910**	149,172
Retained earnings		**205,836,383**	184,146,539
Total equity		**331,683,273**	310,110,691
Liabilities			
Non-current liabilities			
Employees' end of service benefits	18	**9,980,597**	9,136,368
Lease liabilities	19	**13,000,498**	13,424,885
		22,981,095	22,561,253
Current liabilities			
Trade and other payables	20	**57,589,405**	53,454,913
Lease liabilities	19	**2,297,122**	2,094,777
		59,886,527	55,549,690
Total liabilities		**82,867,622**	78,110,943
TOTAL EQUITY AND LIABILITIES		**414,550,895**	388,221,634

Ali Bin Humaid Ali Abdalla Al Owais
Chairman
14 February 2024

Mohammed Abdel Aziz Ali Abdalla Al Owais
Executive Vice Chairman
14 February 2024

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

	Share capital AED	*Statutory reserve AED*	*Regular reserve AED*	*General reserve AED*	*Fair value reserve AED*	*Retained earnings AED*	*Total AED*
Balance as at 1 January 2023	30,250,000	15,125,000	15,125,000	65,314,980	149,172	184,146,539	310,110,691
Profit for the year	-	-	-	-	-	30,653,954	30,653,954
Other comprehensive loss	-	-	-	-	(117,262)	-	(117,262)
Total comprehensive income/ (loss) for the year	-	-	-	-	(117,262)	30,653,954	30,536,692
Dividends declared and paid (Note 12)	-	-	-	-	-	(6,050,000)	(6,050,000)
Directors' remuneration (Note 21)	-	-	-	-	-	(2,914,110)	(2,914,110)
Balance as at 31 December 2023	**30,250,000**	**15,125,000**	**15,125,000**	**65,314,980**	**31,910**	**205,836,383**	**331,683,273**

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the year ended 31 December 2023

	Share capital AED	*Statutory reserve AED*	*Regular reserve AED*	*General reserve AED*	*Fair value reserve AED*	*Retained earnings AED*	*Total AED*
Balance as at 1 January 2022	30,250,000	15,125,000	15,125,000	65,314,980	833,433	174,354,383	301,002,796
Profit for the year	-	-	-	-	-	17,434,256	17,434,256
Other comprehensive loss	-	-	-	-	(684,261)	-	(684,261)
Total comprehensive income/ (loss) for the year	-	-	-	-	(684,261)	17,434,256	16,749,995
Dividends declared and paid (Note 12)	-	-	-	-	-	(6,050,000)	(6,050,000)
Directors' remuneration (Note 21)	-	-	-	-	-	(1,592,100)	(1,592,100)
Balance as at 31 December 2022	30,250,000	15,125,000	15,125,000	65,314,980	149,172	184,146,539	310,110,691

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	***2023 AED***	*2022 AED*
OPERATING ACTIVITIES			
Profit before tax		**30,653,954**	17,434,256
Adjustments for:			
Depreciation of property, plant and equipment	5	**10,982,455**	11,139,291
Depreciation of right-of-use assets	6	**1,891,503**	1,843,104
Amortisation of intangible assets	7	**544,697**	415,651
Gain on disposal of property, plant and equipment		**(349,292)**	(201,662)
Finance costs		**923,194**	1,868,485
Provision for employees' end of service benefits	18	**1,453,056**	1,599,703
Provision for expected credit losses	10	**572,304**	1,239,859
Provision for slow moving inventories, net	9	**386,685**	55,852
Termination of leases		**-**	8,156
		47,058,556	35,402,695
Working capital changes:			
Inventories		**52,442,788**	(20,575,866)
Trade and other receivables		**10,654,638**	(4,792,281)
Trade and other payables		**1,220,382**	6,363,834
Amounts due from related parties		**109,694**	101,041
Cash generated from operations		**111,486,058**	16,499,423
Employees' end of service benefits paid	18	**(608,827)**	(748,595)
Net cash generated from operating activities		**110,877,231**	15,750,828
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	**(3,494,598)**	(6,908,431)
Purchase of intangible assets	7	**(11,003)**	(567,067)
Proceeds from disposal of property, plant and equipment		**349,810**	201,662
Purchase of financial assets at FVTOCI	8	**(22,124,134)**	(9,389,245)
Net change in bank deposits	11	**20,000,000**	(19,000,000)
Net cash used in investing activities		**(5,279,925)**	(35,663,081)
FINANCING ACTIVITIES			
Payment of lease liabilities	19	**(2,456,725)**	(2,371,051)
Finance costs paid		**(130,834)**	(1,115,935)
Dividends paid	12	**(6,050,000)**	(6,050,000)
Net cash used in financing activities		**(8,637,559)**	(9,536,986)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		**96,959,747**	(29,449,239)
Cash and cash equivalents at 1 January		**17,447,219**	46,896,458
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	11	**114,406,966**	17,447,219

The attached notes 1 to 29 form part of these consolidated financial statements.

1 ACTIVITIES

United Foods Company (PSC) (the "Company") is a Public Shareholding Company, incorporated on 1 November 1976 by a Decree issued by His Highness, The Ruler of Dubai. On 27 June 1994, the Company amended its status to a public shareholding company to comply with the provisions of the applicable UAE Federal Law at the time.

The Company's shares are listed on the Dubai Financial Market (DFM) since July 2006.

The Company is primarily engaged in the manufacturing, processing and marketing of vegetable ghee, cooking oil, margarine, butter products and fat including trading of other food products. The registered address of the Company is P.O. Box 5836, Dubai, UAE.

The Company and its following subsidiaries form the "Group" and are together referred to as the "Group" in these consolidated financial statements. The subsidiaries included in the consolidated financial statements, principal activities and legal and beneficial ownership of the subsidiaries are set out below:

Name of the subsidiaries	***Principal activity***	***Country of incorporation***	***Ownership% 2023***	*Ownership% 2022*
Stratus General Trading LLC	General Trading -Wholesalers	U.A. E	**100%**	100%
PAL Foodstuff & Beverages Trading LLC	Food and Beverages Trading	U.A. E	**100%**	100%

These consolidated financial statements were approved and authorized for issue by the Board of Directors on 14 February 2024.

2 MATERIAL ACCOUNTING POLICY INFORMATION

2.1 BASIS OF PREPARATION

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

The consolidated financial statements have been prepared on a historical cost basis, except for investment securities at fair value through other comprehensive income that have been measured at fair value.

The consolidated financial statements are presented in United Arab Emirates Dirham ("AED"), which is also the Group's functional currency.

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.1 BASIS OF PREPARATION (continued)

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

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations
The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023.

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 17 Insurance Contracts
IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The new standard had no impact on the Group's consolidated financial statements.

Definition of Accounting Estimates - Amendments to IAS 8
The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

New and amended standards and interpretations (continued)

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's consolidated financial statements.

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12
The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

• A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
• Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules as its revenue is less than EUR 750 million/year.

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

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Standards issued but not yet effective (continued)

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Group's consolidated financial statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMTION

Current versus non-current classification
The Group presents assets and liabilities in the consolidated 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.

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 Group classifies all other liabilities as non-current.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMTION (continued)

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group 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.

Revenue recognition
Revenue from contracts 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 Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in note 2.4.

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 Group 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, customer loyalty points). In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Variable consideration
If the consideration in a contract includes a variable amount, the Group 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.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMTION (continued)

Revenue recognition (continued)

Rights of return
Certain contracts provide a customer with a right to return the goods within a specified period. The Group 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 Group 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 Group 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 Group 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 Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. 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 Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates which is adjusted against accounts receivables of respective parties.

Interest income
Interest income is recognised as the interest accrues using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rental income
Rental income on operating lease is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

Dividend income7
Dividend income is accounted when the Group's right to receive dividend is established.

Property, plant and equipment
Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of profit or loss as incurred. Property, plant and equipment are depreciated on a straight-line basis over the assets' estimated useful lives as follows:

Buildings	20 years
Plant, machinery and equipment	4 to 15 years
Furniture, fixtures and office equipment	4 years
Motor vehicles	4 to 7 years

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

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 consolidated statement of profit or loss in the period the asset is derecognised.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMTION (continued)

Property, plant and equipment (continued)
Assets in the course of construction are carried at cost as capital work in progress, and transferred to property, plant and equipment when available for use. All costs directly attributable to brining the asset to the location and condition necessary for it to be used in the manner intended by management are included in the construction cost. No depreciation is charged on such assets until available for use.

Leases
Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the lease term. Right-of-use assets are subject to impairment.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees, if any. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the respective lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of certain stores (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office vehicles that are considered of low value (i.e., below AED 18,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in the consolidated statement of profit or loss.

Intangible assets
Intangible assets include acquired software and exclusive distribution rights.

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

The amortisation expense on intangible assets is recognised in the consolidated 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 estimated useful life of 4 years and 10 years, respectively, to their residual values.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMTION (continued)

Intangible assets (continued)
Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognised.

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in accordance with IAS 39. Other contingent consideration not within the scope of IAS 39, it is measured at fair value at each reporting date with changes in fair value recognized in the consolidated statement of comprehensive income.

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Impairment of goodwill
On an annual basis, the Group determines whether goodwill is impaired. This requires an estimation of the value in use of cash generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of non-financial assets
At each reporting date the Group 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 Group 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. In determining fair value less costs to sell, recent market transactions are taken into account.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMTION (continued)

Impairment of non-financial assets (continued)
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 consolidated statement of profit or loss. 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 consolidated statement of profit or loss.

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 moving average basis;
Packing materials – purchase cost on moving average basis;
Spares and consumables – purchase cost on moving average basis;
Finished goods and work-in-progress – cost of direct materials and direct labour plus an appropriate share of production overheads based on normal operating capacity.

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.

Financial instruments-initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value and, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies for revenue from contracts with customers.

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

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMTION (continued)

Financial instruments-initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

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

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

Financial assets at amortised cost
This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the consolidated statement of profit or loss when the asset is derecognised, modified or impaired.

The Group’s financial assets include bank balances and cash, trade and other receivables, Financial assets at fair value through other comprehensive income, and amounts due from related parties.

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

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

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

The Group’s debt instruments at fair value through OCI includes investments in quoted sukuk bonds.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMTION (continued)

Financial instruments-initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

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

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

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

Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and lease liabilities.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMTION (continued)

Financial instruments-initial recognition and subsequent measurement (continued)

ii) Financial liabilities (continued)

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Trade and other payables
Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group.

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

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and the Group intends to settle on a net basis, or to realise the assets and liabilities simultaneously.

Cash and cash equivalents
For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank overdraft.

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

If the effect of the time value of money is material, provisions are discounted using a rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

Employees' end of service benefits
The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its national employees, the Group makes contributions to government pension scheme calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Contingencies and commitments
Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMTION (continued)

Value added tax ("VAT")
The Group is subject to a value added tax ("VAT") of 5% on its transactions inside UAE, and on its import of goods and services from abroad. The amount of VAT liability is determined by applying the applicable tax rate to the invoiced amount of sale of goods and services and reimbursable expenses inside UAE (if any) (output VAT) less VAT paid on purchases made with the relevant supporting invoices (input VAT). The Group reports revenue net of value added tax for all the periods presented in the consolidated financial statements.

Foreign currencies
Transactions in foreign currencies are initially recorded by the Group at its respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

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

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements
In the process of applying the Group'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 consolidated financial statements.

Determining method to estimate variable consideration and assessing the constraint
Certain contracts for the sale of goods include a right of return and volume rebates that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the sale of goods with volume rebates, the Group determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements (continued)

Property lease classification – The Group *as lessor*
The Group has entered into commercial property leases on a portion of its property, not classified as investment property as does not meet the criteria for investment property per IAS 40. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the property, that it retains all the significant risks and rewards of ownership of the property and accounts for the contracts as operating leases.

Significant judgement in determining the lease term of contracts with renewal options
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has the option, under some of its leases to lease the assets for additional terms of three or more years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). The Group included the renewal period as part of the lease term for leases of land and building due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., one to three years) and there will be a significant negative effect on production if a replacement is not readily available. The renewal options for leases of motor vehicles were not included as part of the lease term because the Group has a policy of leasing motor vehicles for not more than five years and hence not exercising any renewal options.

Business model assessment
Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

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

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Impairment of inventories
Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision is applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

At the reporting date, gross inventories were AED 73,660,267 (2022: AED 126,103,055) before provisions for slow moving inventories of AED 1,203,467 (2022: AED 816,782). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated statement of profit or loss.

Useful lives and depreciation of property, plant and equipment and intangible assets
The management periodically reviews estimated useful lives and depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

Estimating variable consideration for returns and volume rebates
The Group estimates variable considerations to be included in the transaction price for the sale of goods with rights of return and volume rebates. The Group developed a statistical model for forecasting sales returns. The model used the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group. The Group’s expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer’s historical rebates entitlement and accumulated purchases to date. The Group updates its assessment of expected returns and volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Group’s past experience regarding returns and rebate entitlements may not be representative of customers’ actual returns and rebate entitlements in the future. As at 31 December 2023 and 2022, no material amount recognised as refund liabilities for the expected returns and volume rebates.

Provision for expected credit losses of trade receivables and contract assets
The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. 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 Group’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future.

3 REVENUE FROM CONTRACTS WITH CUSTOMERS, NET

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	2023	*2022*
	AED	*AED*
Type of revenue		
Sale of goods, gross	**589,361,739**	670,210,761
Less: Discounts and rebates	**(24,095,775)**	(23,308,017)
Sale of goods	**565,265,964**	646,902,744
Filing services	**-**	128,813
	565,265,964	647,031,557
Type of revenue		
At a point in time	**565,265,964**	647,031,557
Geographical market		
United Arab Emirates	**410,597,034**	478,220,721
GCC other than UAE	**85,537,848**	95,369,402
Rest of world	**69,131,082**	73,441,434
	565,265,964	647,031,557

Advances from customers and other rebates are classified as contract liabilities and included under trade and other payables in Note 20. The amount billed under the contracts are recognised as trade receivables and disclosed in Note 10.

4 PROFIT FOR THE YEAR

Profit for the year is stated after charging:

	2023	*2022*
	AED	*AED*
Inventories charged to cost of sales	**443,163,948**	538,272,952
Employee expenses	**42,684,103**	40,134,726
Short-term leases (Note 19)	**363,365**	314,521
Depreciation of property, plant and equipment (Note 5)	**10,982,455**	11,139,291
Depreciation of right-of-use assets (Note 6)	**1,891,503**	1,843,104
Amortization of intangible assets (Note 7)	**544,697**	415,651
Provision for slow moving inventories (Note 9)	**386,685**	55,852
Provision for expected credit losses (Note 10)	**572,304**	1,239,859

Short term lease expense relates to the lease contracts that have a lease term of 12 months or less and do not contain a purchase option ("short-term leases"), and lease contracts for which the underlying asset is of low value ("low-value assets").

5 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings AED	*Plant, machinery and equipment AED*	*Furniture, fixtures and office equipment AED*	*Motor vehicles AED*	*Capital work-in-progress AED*	*Total AED*
Cost:						
At 1 January 2023	92,833,438	176,434,088	6,362,818	15,845,057	4,267,107	295,742,508
Additions	-	-	2,300	-	3,492,298	3,494,598
Disposals	-	(165)	(685,465)	(834,640)	-	(1,520,270)
Allocation to intangible assets (Note 7)	-	-	-	-	(708,789)	(708,789)
Transfers	796,200	1,031,320	271,305	1,140,000	(3,238,825)	-
At 31 December 2023	**93,629,638**	**177,465,243**	**5,950,958**	**16,150,417**	**3,811,791**	**297,008,047**
Accumulated depreciation and impairment:						
At 1 January 2023	52,819,566	140,666,934	5,586,307	13,146,439	771,394	212,990,640
Charge for the year (Note 4)	2,946,868	6,638,475	386,967	1,010,145	-	10,982,455
Disposals	-	(165)	(684,947)	(834,640)	-	(1,519,752)
At 31 December 2023	**55,766,434**	**147,305,244**	**5,288,327**	**13,321,944**	**771,394**	**222,453,343**
Net carrying value						
At 31 December 2023	**37,863,204**	**30,159,999**	**662,631**	**2,828,473**	**3,040,397**	**74,554,704**

	Land and buildings AED	*Plant, machinery and equipment AED*	*Furniture, fixtures and office equipment AED*	*Motor vehicles AED*	*Capital work-in-progress AED*	*Total AED*
Cost:						
At 1 January 2022	92,833,438	173,102,170	5,998,997	15,304,657	2,415,311	289,654,573
Additions	-	-	17,940	-	6,890,491	6,908,431
Disposals	-	-	(12,396)	(808,100)	-	(820,496)
Transfers	-	3,331,918	358,277	1,348,500	(5,038,695)	-
At 31 December 2022	92,833,438	176,434,088	6,362,818	15,845,057	4,267,107	295,742,508
Accumulated depreciation and impairment:						
At 1 January 2022	49,884,095	134,138,848	5,316,669	12,560,839	771,394	202,671,845
Charge for the year (Note 4)	2,935,471	6,528,086	282,034	1,393,700	-	11,139,291
Disposals	-	-	(12,396)	(808,100)	-	(820,496)
At 31 December 2022	52,819,566	140,666,934	5,586,307	13,146,439	771,394	212,990,640
Net carrying value						
At 31 December 2022	40,013,872	35,767,154	776,511	2,698,618	3,495,713	82,751,868

5 PROPERTY, PLANT AND EQUIPMENT (continued)

The Group's building on Sheikh Zayed Road is constructed on land for which owned rights were acquired from the Government of Dubai in 2010. The land is registered in the name of the Group. The Group's building in Jebel Ali Industrial Area is constructed on land taken on lease from the Government of Dubai.

Capital work-in-progress of AED 3,040,397 (2022: AED 3,495,713) as at 31 December 2023 pertains mainly to the expenditures incurred for the expansion of factory and warehouse facility in Jebel Ali Industrial Area. Also, included under capital work-in-progress as at 31 December 2022 are software in progress amounting to AED 708,789 which were transferred to Intangible assets during the year 2023.

The Group has temporarily rented out a portion of land and building in Al Quoz and certain staff accommodation units to third party to earn rentals. During the year, the Group earned rental income amounting to AED 159,819 (2022: AED 109,382) which is included in other income in the consolidated statement of profit or loss.

The cost of fully depreciated assets still in use as at 31 December 2023 was AED 132.52 million (2022: AED 126.52 million). The depreciation charge for the year has been allocated as follows:

	2023	*2022*
	AED	*AED*
Cost of sales	**7,749,533**	7,745,597
Selling and distribution expenses	**2,545,170**	2,647,517
General and administrative expenses	**687,752**	746,177
	10,982,455	11,139,291

6 RIGHT-OF-USE ASSETS

	2023	*2022*
	AED	*AED*
As at 1 January	**19,773,326**	17,739,476
Additions during the year	**-**	1,952,234
Modifications during the year	**2,191,148**	1,932,876
Less: retirements during the year	**(748,825)**	(8,156)
Less: depreciation for the year (Note 19)	**(1,891,503)**	(1,843,104)
	19,324,146	19,773,326

The depreciation charge for the year has been charged as follows:

	2023	*2022*
	AED	*AED*
Cost of sales	**1,097,184**	832,477
Selling and distribution expenses	**663,837**	836,652
General and administrative expenses	**130,482**	173,975
	1,891,503	1,843,104

The Group has lease contracts for various items of land, building and motor vehicles.

7 INTANGIBLE ASSETS

	Software AED	*Exclusive distribution rights AED*	*Total AED*
Cost:			
At 1 January 2023	4,541,192	441,304	4,982,496
Additions	11,003	-	11,003
Allocation from property, plant and equipment (Note 5)	708,789	-	708,789
At 31 December 2023	**5,260,984**	**441,304**	**5,702,288**
Accumulated amortisation:			
At 1 January 2023	3,410,533	58,841	3,469,374
Charge for the year (Note 4)	500,567	44,130	544,697
At 31 December 2023	**3,911,100**	**102,971**	**4,014,071**
Net carrying amount:			
At 31 December 2023	**1,349,884**	**338,333**	**1,688,217**

	Software AED	*Exclusive distribution rights AED*	*Total AED*
Cost:			
At 1 January 2022	3,974,125	441,304	4,415,429
Additions	567,067	-	567,067
At 31 December 2022	4,541,192	441,304	4,982,496
Accumulated amortisation:			
At 1 January 2022	3,053,723	-	3,053,723
Charge for the year (Note 4)	356,810	58,841	415,651
At 31 December 2022	3,410,533	58,841	3,469,374
Net carrying amount			
At 31 December 2022	1,130,659	382,463	1,513,122

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 AED	*2022 AED*
Quoted equity instruments:		
UAE	**347,500**	377,500
Oman	**992,576**	1,173,453
Quoted debt instruments – Sukuks:		
UAE	**25,874,308**	3,770,943
KSA	**4,779,402**	4,675,451
Bahrain	**668,882**	658,449
	32,662,668	10,655,796

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

The movement of investment securities during the year is as follows:

	2023 ***AED***	*2022* *AED*
At 1 January	**10,655,796**	1,950,812
Additions	**22,124,134**	9,389,245
Change in fair value (Note 16)	**(117,262)**	(684,261)
At 31 December	**32,662,668**	10,655,796

The fair value levels of the investment securities at FVOCI are disclosed in Note 25.

9 INVENTORIES

	2023 ***AED***	*2022* *AED*
Raw materials	**15,957,188**	44,074,006
Finished goods	**19,323,113**	28,755,761
Packing materials	**2,536,305**	2,404,420
Work-in-progress	**4,131,544**	8,740,748
Spares and consumables	**2,403,523**	2,520,761
	44,351,673	86,495,696
Less: provision for slow moving inventories	**(1,203,467)**	(816,782)
	43,148,206	85,678,914
Goods-in-transit	**29,308,594**	39,607,359
	72,456,800	125,286,273

Movement of the provision for slow moving inventories is as follows:

	2023 ***AED***	*2022* *AED*
At 1 January	**816,782**	760,930
Provided during the year, net (Note 4)	**386,685**	55,852
At 31 December	**1,203,467**	816,782

10 TRADE AND OTHER RECEIVABLES

	2023 AED	*2022 AED*
Trade receivables	**97,817,968**	108,856,873
Less: provision for expected credit losses	**(6,028,483)**	(5,962,302)
	91,789,485	102,894,571
Prepaid expenses	**2,830,519**	4,497,682
Advances to suppliers	**2,236,800**	683,098
Accrued interest receivable	**1,277,948**	583,042
Staff receivables	**280,652**	122,830
Consideration receivable	**-**	608,000
Other receivables	**650,655**	903,778
	99,066,059	110,293,001

As at 31 December 2023, trade receivables at nominal value of AED 6,028,483 (2022: AED 5,962,302) were impaired.

Movement of the provision for expected credit losses is as follows:

	2023 AED	*2022 AED*
At 1 January	**5,962,302**	4,722,443
Provided during the year (Note 4)	**572,304**	1,239,859
Write-offs during the year	**(506,123)**	-
At 31 December	**6,028,483**	5,962,302

The Group's terms of sales require amounts to be paid within the range of 30 to 120 days from the date of sale. As at 31 December, the ageing of unimpaired trade receivables on the basis of due dates is as follows:

			Past due but not impaired					
	Total AED	*Neither past due nor impaired AED*	*<30 days AED*	*30-60 days AED*	*60-90 days AED*	*90-120 days AED*	*120-150 days AED*	*>150 days AED*
2023	**91,789,485**	**83,633,725**	**4,780,728**	**382,435**	**37,563**	**431,984**	**558,594**	**1,964,456**
2022	102,894,571	86,833,070	7,221,506	3,037,834	638,150	1,587,032	925,489	2,651,490

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable.

11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the consolidated statement of cash flows consist of the following amounts in the consolidated statement of financial position:

	2023	*2022*
	AED	*AED*
Cash in hand	**71,918**	91,089
Bank balances	**24,135,048**	17,256,130
Deposits	**90,200,000**	20,100,000
Bank balances and cash	**114,406,966**	37,447,219
Less: Deposits with an original maturity of more than three months	**-**	(20,000,000)
Cash and cash equivalents	**114,406,966**	17,447,219

Deposits are placed with local banks and accrue interest at prevailing market rates. During the year, the Group earned interest income on these deposits amounting to AED 2,757,510 (2022: AED 655,185) which is included in other income in the consolidated statement of profit or loss.

12 SHARE CAPITAL

	2023	*2022*
	AED	*AED*
Authorised, issued and fully paid up:		
30,250,000 ordinary shares of 1 AED each		
(31 December 2022: 30,250,000 ordinary shares of 1 AED each)	**30,250,000**	30,250,000

Dividend declared

The Annual General Meeting held on 27 March 2023 approved a dividend of AED 0.20 per share totaling to AED 6,050,000 relating to 2022, which was paid during the year (relating to 2021: Annual General Meeting held on 11 April 2022 approved 0.20 per share totaling to AED 6,050,000 which was paid during March 2022).

During the Board of Directors' meeting held on 14 February 2024, the Directors proposed a 30% regular cash dividend in addition to a special cash dividend of 30% totaling to AED 18,150,000 relating to the year 2023 subject to approval by the Shareholders in the Annual General Meeting.

13 STATUTORY RESERVE

In accordance with the UAE Federal Decree Law No. 32 of 2021, a minimum of 10% of the profit of the Group is to be allocated annually to a non-distributable statutory reserve. Such allocations may be ceased when the statutory reserve becomes equal to half of the share capital. The Group has already transferred AED 15,125,000 in previous years which reached the minimum statutory reserve requirement as per the Law and therefore no further transfers to statutory reserve were made during the year and the previous year. This reserve is not available for distribution except in the circumstances stipulated by the law.

14 REGULAR RESERVE

In accordance with the Articles of Association of the Group, 10% of the net profit for each year should be transferred to a regular reserve and such transfers cease through a resolution of the usual general assembly upon a suggestion of the board of directors or if it reaches 50% of the paid up capital of the Group. The Group has already transferred AED 15,125,000 in previous years which reached the minimum reserve requirement as per the Articles of Association and therefore no further transfers to regular reserve were made during the year and the previous year. This reserve is to be used for purposes as recommended by the board of directors and approved at the general assembly.

15 GENERAL RESERVE

In accordance with the Articles of Association of the Company, any undistributed net profit may be transferred to the general reserve according to the decisions of the Board of Directors. No transfer has been made to general reserve during the year and the previous year.

16 FAIR VALUE RESERVE

The fair value reserve represents the unrealised gains and losses arising from changes in the fair value of investment securities classified as financial assets with "fair value changes in other comprehensive income (FVOCI)". The fair value reserve is recognised under fair value reserve in equity until the investments are sold, collected or otherwise disposed of, at which time the cumulative gain or loss previously recognised in other comprehensive income is transferred to retained earnings directly or recycled to the consolidated statement of profit or loss, depending on the nature of the instrument (debt or equity).

Movement of the fair value reserve recognised in the consolidated statement of financial position is as follows:

	2023 ***AED***	*2022* *AED*
Balance at 1 January	**149,172**	833,433
Net change in fair value of investment securities carried at fair value through OCI (Note 8)	**(117,262)**	(684,261)
Balance as at 31 December	**31,910**	149,172

17 EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit (net of the Directors' remuneration) for the year amounting to AED 27,739,844 (31 December 2022: AED 15,842,156) by the weighted average number of ordinary shares outstanding during the year ended 31 December 2023 of 30,250,000 shares (during the year ended 31 December 2022: 30,250,000 shares).

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

18 EMPLOYEES' END OF SERVICE BENEFITS

	2023 ***AED***	*2022* *AED*
At 1 January	**9,136,368**	8,285,260
Provided during the year	**1,453,056**	1,599,703
Paid during the year	**(608,827)**	(748,595)
At 31 December	**9,980,597**	9,136,368

19 LEASE LIABILITIES

	2023 AED	2022 AED
At 1 January	**15,519,662**	13,253,053
Additions during the year	**-**	1,952,234
Add: interest expense on lease liabilities	**792,360**	752,550
Modifications during the year	**2,191,148**	1,932,876
Retirements during the year	**(748,825)**	-
Less: payments during the year	**(2,456,725)**	(2,371,051)
At 31 December	**15,297,620**	15,519,662

Presented in the consolidated statement of financial position as follows:

	2023 AED	2022 AED
Current	**2,297,122**	2,094,777
Non-current	**13,000,498**	13,424,885
	15,297,620	15,519,662

The following are the amounts recognised in the consolidated statement of profit or loss:

	2023 AED	2022 AED
Interest expense on lease liabilities	**792,360**	752,550
Expense related to short-term leases (Note 4)	**363,365**	314,521
Depreciation of right-of-use assets (Note 6)	**1,891,503**	1,843,104
	3,047,228	2,910,175

20 TRADE AND OTHER PAYABLES

	2023 AED	2022 AED
Trade payables	**16,419,868**	15,735,275
Accrual for goods in transit	**21,963,158**	17,868,742
Accrued expenses and other payables	**12,662,656**	15,063,049
Advances from customers	**2,696,174**	1,957,490
VAT payable	**933,439**	1,161,999
Directors' remuneration payable (Note 21)	**2,914,110**	1,592,100
Dividends payable (Note 21)	**-**	76,258
	57,589,405	53,454,913

Accrued expenses and other payables include retentions payable of AED 90,113 (2022: AED 90,113) towards capital work-in-progress for the expansion of factory and warehouse facility in Jebel Ali Industrial Area.

21 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management in line with the approval of the Group's board of directors.

a) Significant transactions with related parties:

Significant transactions with related parties are as follows:

	2023 AED	*2022 AED*
Other related parties:		
Sales to related parties	**1,827,315**	2,167,155

Compensation of key management personnel
The remuneration of the Directors and other key members of management during the year were as follows:

	2023 AED	*2022 AED*
Short-term benefits	**3,389,504**	3,307,504
Employees' end of service benefits	**155,497**	255,580
Bonus	**580,000**	580,000
Directors' sitting fees	**125,000**	105,000
	4,250,001	4,248,084

For the year ended 31 December 2023, the Board of Directors determined the remuneration of the Directors amounting to AED 2,914,110 (2022: AED 1,592,100), which is to be ratified by the shareholders in the upcoming annual general meeting to be held in 2024 and remained outstanding as at 31 December 2023 and included in trade and other payables.

b) Amounts due from related parties:

	2023 AED	*2022 AED*
Trade receivables	**391,335**	501,029

c) Amounts due to related parties:

Directors' remuneration payable (note 20)	**2,914,110**	1,592,100
Dividends payable (note 20)	**-**	76,258
	2,914,110	1,668,358

22 CONTINGENCIES AND COMMITMENTS

Contingent liabilities
At 31 December 2023, the Group had contingent liabilities in respect of letters of credit and letters of guarantees issued by banks amounting to AED 3,537,984 (31 December 2022: AED 300,853) from which it is anticipated that no material liabilities will arise.

Legal claim contingency
The Group has a few pending litigations that occur in the ordinary course of business. The Group is also involved in a legal case with a third party claiming losses arising after closing their business relationships with the Group. As per advice received from the Group's legal advisor, management believes that the Group has a strong legal position to rebut any claim, in form and in substance, and therefore there will be no significant impact on the consolidated financial statements of the Group.

Capital commitments
At 31 December 2023, the Group had capital commitments in respect of purchase of property, plant and equipment amounting to AED 8,180,552 (31 December 2022: AED 4,140,291).

23 SEGMENTAL REPORTING

The Group operates in a single reporting segment primarily engaged in manufacturing, processing and marketing of vegetable ghee, cooking oil, margarine, butter products and fat including trading of food products. All the relevant information relating to this reporting/operating segment is disclosed in the consolidated statement of financial position, consolidated statement of profit or loss and notes to the consolidated financial statements.

IFRS also requires an entity to report its segment assets and revenues along geographical regions. All significant activities of the Group are performed on an integrated basis in the Middle East and the Directors do not consider an analysis by individual country would be meaningful.

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

Major customer
During the year ended 31 December 2023, revenue from top 10 customers account for 24% of the Group's total revenue (31 December 2022: 26%).

24 RISK MANAGEMENT

The Group's principal financial liabilities comprise trade and other payables and lease liabilities. The Group has various financial assets such as trade and other receivables, amounts due from related parties, financial assets at fair value through other comprehensive income and bank balances and cash. Both financial assets and liabilities arise directly from its operations.

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities.

The Group does not hold or issue derivative financial instruments for speculative purpose. The Group is mainly exposed to interest rate risk, credit risk, liquidity risk, equity price risk and foreign currency risk. No changes were made in the risk management objectives and policies during the years ended 31 December 2023 and 2022. The senior management of the Group reviews and agrees policies for managing each of these risks.

24 RISK MANAGEMENT (continued)

Interest rate risk
The Group is exposed to interest rate risk on its interest-bearing assets and liabilities.

The following table demonstrates the sensitivity of the consolidated statement of profit or loss to reasonably possible changes in interest rates, with all other variables held constant.

The sensitivity of the consolidated statement of profit or loss is the effect of the assumed changes in interest rates on the Group's result for one year, based on the floating rate financial assets and financial liabilities held at 31 December. There is no impact on the Group's equity.

	Increase/ decrease in basis points	*Effect on profit for the year*
2023		
AED	**+100**	**1,215,226**
AED	**-100**	**(1,215,226)**
2022		
AED	+100	292,048
AED	-100	(292,048)

Credit risk
The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. Certain categories of customers are covered through credit insurance and most of the export sales customers are covered either through letter of credit or bank guarantees.

The Group limits its credit risk with regard to bank deposits by only dealing with reputable banks. Credit risk is limited to the carrying values of financial assets in the consolidated statement of financial position.

The Group invests on quoted debt with low credit risk. The Group's debt instruments at fair value through OCI comprised solely of quoted bonds that are graded in the top investment categories.

With respect to credit risk arising from other financial assets of the Group, including cash and cash equivalents and trade and other receivables, the Group'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	*2022 AED*
Bank balances and deposits	**114,335,048**	37,356,130
Trade receivables	**91,789,485**	102,894,571
Debt instruments at FVTOCI	**31,322,592**	9,104,843
Accrued interest receivable	**1,277,948**	583,042
Amounts due from related parties	**391,335**	501,029
Staff receivables	**280,652**	122,830
Consideration receivable	**-**	608,000
Other receivables	**650,655**	903,778
	240,047,715	152,074,223

24 RISK MANAGEMENT (continued)

Liquidity risk
The Group limits its liquidity risk by ensuring that adequate internally generated funds, bank facilities and funds from the shareholders are available. The Group's terms of sales require amounts to be paid within the range of 30 to 120 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 Group's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

At 31 December 2023

	Less than 1 year AED	***1 to 5 years AED***	***>5 years AED***	***Total AED***
Trade and other payables	**54,893,231**	**-**	**-**	**54,893,231**
Lease liabilities	**2,063,345**	**10,772,397**	**10,971,699**	**23,807,441**
Total	**56,956,576**	**10,772,397**	**10,971,699**	**78,700,672**

At 31 December 2022

	Less than 1 year AED	*1 to 5 years AED*	*>5 years AED*	*Total AED*
Trade and other payables	51,497,423	-	-	51,497,423
Lease liabilities	2,153,363	11,606,080	10,898,591	24,658,034
Total	53,650,786	11,606,080	10,898,591	76,155,457

Equity price risk
The Group is exposed to equity securities price risk in respect of investments held by the Group classified as investments carried at fair value with changes in fair value through OCI in the consolidated statement of financial position. The Group's investments in equity securities are publicly traded and are listed in stock exchanges in the UAE and Oman.

The Group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to listed equity securities at fair value was AED 1,340,076 (2022: AED 1,550,953). A decrease of 10% in the market index could have an impact of approximately AED 134,008 (2022: AED 155,095) on the other comprehensive income or equity attributable to the Group, depending on whether the decline is significant or prolonged. An increase of 10% in the value of the listed securities would only impact equity but would not have an effect on profit or loss.

Foreign currency risk
The Group is not exposed to any significant foreign currency risk as transactions are mainly in US Dollar and the United Arab Emirates Dirham, which is pegged to the US Dollar.

Capital management
The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' value. The Group manages its capital structure and makes adjustments to it in light of changes in business conditions.

During the years ended 31 December 2023 and 2022, there were no major changes in the objectives, policies or processes. Capital comprises share capital, reserves and retained earnings and is measured at AED 331,683,273 as at 31 December 2023 (2022: AED 310,110,691).

25 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash on hand and bank balances, trade and other receivables, amounts due from related parties and investment securities at fair value through other comprehensive income. Financial liabilities consist of trade and other payables and lease liabilities.

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

Fair value hierarchy
The Group 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 based on observable market data.

As at 31 December 2023, the Group held the following financial instruments measured at fair value:

Assets measured at fair value

	31 December 2023 AED	***Level 1 AED***	***Level 2 AED***	***Level 3 AED***
Quoted equity securities				
Consumer Staples Sector	**992,576**	**992,576**	**-**	**-**
Investments and Financial Services Sector	**347,500**	**347,500**	**-**	**-**
	1,340,076	**1,340,076**	**-**	**-**
Quoted debt securities				
Sukuk instruments	**31,322,592**	**31,322,592**	**-**	**-**
Total	**32,662,668**	**32,662,668**	**-**	**-**

As at 31 December 2022, the Group held the following financial instruments measured at fair value:

Assets measured at fair value

	31 December 2022 AED	*Level 1 AED*	*Level 2 AED*	*Level 3 AED*
Quoted equity securities				
Consumer Staples Sector	1,173,453	1,173,453	-	-
Investments and Financial Services Sector	377,500	377,500	-	-
	1,550,953	1,550,953	-	-
Quoted debt securities				
Sukuk instruments	9,104,843	9,104,843	-	-
Total	10,655,796	10,655,796	-	-

During the years ended 31 December 2023 and 2022, there were no transfers between the various levels of fair value measurements. As at 31 December 2023, the fair values of equity securities and debt securities were assessed which resulted in a fair value loss of AED 210,877 (31 December 2022: AED 399,859) and a fair value gain of AED 93,615 (31 December 2022: fair value loss of AED 284,402) on these instruments, respectively.

26 FIDUCIARY ASSETS

As at 31 December 2023, the Group held 4.83 MT (31 December 2022: 12.17 MT) raw materials, in a fiduciary capacity on behalf of third parties.

27 COMPARATIVE INFORMATION

Certain amounts in the consolidated statement of financial position as at 31 December 2022 have been reclassified in order to conform to the presentation for the current year. These changes have been made to improve the quality of information presented. Such reclassification does not affect previously reported consolidated profit or total comprehensive income or equity.

The table below summarises the reclassification for the line items affected.

Consolidated statement of financial position	*As previously reported AED*	*Reclassifications AED*	*As reported now AED*
Trade and other receivables	111,030,288	(737,287)	110,293,001
Trade and other payables	(54,192,200)	737,287	(53,454,913)

28 TAXATION

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime is effective from 1 June 2023 and accordingly, it has an income tax related impact on the consolidated financial statements for accounting periods beginning on or after 1 June 2023.

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted from the perspective of IAS 12 – Income Taxes. A rate of 9% will apply to taxable income exceeding AED 375,000 and a rate of 0% will apply to taxable income not exceeding AED 375,000 and a rate of 0% on qualifying income of free zone entities.

Based on the assessment conducted by the Group, it has been determined that the CT Law does not have any material effect on deferred taxes in the consolidated financial statements for the year ended 31 December 2023. Moving forward, the Group will continue to monitor further developments and assess the impact of the corporate tax on its consolidated financial statements, particularly focusing on both current and deferred tax implications, in light of any further explanations and instructions regarding the application of the CT Law.

29 CLIMATE RELATED MATTERS

The Group will consider climate-related matters in estimates and assumptions, where appropriate, in compliance with the requirements of IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures) which are effective for annual periods beginning on or after 1 January 2024. This assessment includes a wide range of possible impacts on the Group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the consolidated financial statements. The Group is currently assessing the potential impact from climate-related matters on its consolidated financial statements and is closely monitoring relevant changes and developments, such as new climate-related legislation.

United Foods Company

Sustainability Report 2023

1. About This Report

United Foods Company is proud to present its fourth sustainability report. This 2023 edition presents a comprehensive analysis of our sustainability journey and our progress and learnings in the past year.

In this report, readers will find an overview of our environmental, social, and governance-related (ESG) performance according to our alignment with the Global Reporting Initiative (GRI) and Dubai Financial Market's (DFM) ESG reporting guidelines. Where applicable, our participation in and endorsement of global and regional sustainability frameworks and initiatives are also emphasised. Please see Appendix A for our detailed alignment with the chosen frameworks.

The report starts with an elaborative chapter on how United Foods approaches sustainability and ESG Following our strategy refreshment and focus on four key pillars of the Company's sustainability pillars, this report consists of four major chapters that encapsulate our performance on

- Business Resilience
- Quality Products, Healthy Society
- Empowered Communities
- Circular Economy

This year, we have been dedicated to enhancing our environmental, social, and governance (ESG) practices and revised our Sustainability Framework for more effective sustainability management. This allowed us to set long-, medium-, and short-term sustainability goals to endure in creating shared value for our stakeholders as a responsible business.

Scope and Terminology

This report provides an account of United Foods Company's operations. The report, unless otherwise specified, provides a comprehensive overview of all significant business operations taken place between January 1, 2023 and December 31, 2023, to the greatest extent feasible, while considering data limitations and the restrictions specified where relevant. All monetary values in this report are represented in United Arab Emirates Dirhams (AED), unless otherwise specified.

Contact

For inquiries or remarks regarding this report or the sustainability initiatives of United Foods, kindly reach out to us at info@unitedfoods.ae.

CAUTIONARY STATEMENT

This report contains certain forward-looking statements that express the way in which United Foods and its Subsidiaries intend to conduct its activities. These statements typically contain words such as “anticipate,” “believe,” “expect,” “estimate,” “forecast,” “intend,” “plan,” “project” or similar expressions. Such statements are based on assumptions made using currently available information that is subject to a range of uncertainties that could cause actual results to differ from these projected or implied statements. Any forward-looking statements contained in this report are therefore not promises or guarantees of future conduct or policy, and thus United Foods and its Subsidiaries assume no obligation to publicly update any statements made in this report. United Foods and its Subsidiaries rely on information obtained from sources believed to be reliable but do not guarantee its accuracy or completeness.

1.1. Sustainability Highlights of 2023

- FSSC 22000 certified (FSSC 22000 logo)
- On-boarded one female board member in 2023
- Zero non-compliance with regulatory requirements
- Zero complaints about product information or labelling
- Zero incidents on non-compliance with food labelling and advertising legislations
- Initiated the integration of biofuels into fleet operations for reduced carbon emissions
- Net Profit of more than 76% from 2022
- 15.22% decrease in Scope 2 emissions, with respect to 2022
- Commitment to the Roundtable on Sustainable Palm Oil (RSPO) principles

1.2. Chairman’s Message

As the head of the Board of Directors, I am delighted to share United Foods’ fourth Sustainability Report. I want to express my gratitude to our customers, partners, and shareholders for their steadfast trust and dedication. I would also like to express my gratitude to our employees and management team for their unwavering dedication, tireless efforts, and steadfast commitment. United Foods has a long-standing history, a prominent brand presence, and a well-earned reputation for consistently delivering high-quality products.

Our journey towards sustainability is a continuous learning process, marked by both achievements and valuable lessons. This journey has enabled us to mature and evolve our strategies, reinforcing our commitment to sustainability. Every step we take is an opportunity to learn and grow, further strengthening our resolve to make a positive impact on the planet and society.

We are confident that by effectively implementing these crucial sustainability measures, we can not only improve our economic performance, but also protect the environment and prioritize the well-being of our customers, employees, and communities.

We aim to provide our stakeholders with valuable insights into our commitment to sustainability. We constantly strive to challenge conventional practices and enhance our business operations. We are committed to setting a strong example and serving as a source of inspiration for positive transformation. Our goal is to create value for all our stakeholders, both now and in the future, ensuring the prosperity of generations to come.

These accomplishments have laid a solid groundwork for developing our sustainability strategy and implementing important sustainability goals throughout our organisation, with the aim of realising our vision of generating mutual benefits for all our stakeholders, including our customers, employees, shareholders, and community.

Ali Bin Humaid Ali Abdulla Al Owais

United Foods Chairman

1.3. CEO's Message

As we reflect on the year 2023, it's evident that the path United Foods Company has navigated was both enlightening and rich in learning. Amidst economic fluctuations and the escalation of operational costs, our steadfast commitment to sustainability, in alignment with the ambitious UAE Vision 2030, has remained our guiding light. This year has been a powerful reminder of the importance of adaptability and sustainable practices in today's dynamic business environment.

Our sustainability journey has been one of continuous learning and modest ambition. We have embarked on this path with four foundational pillars, each reflecting our commitment to a sustainable future while acknowledging the lessons learned along the way:

- Business Resilience: Our focus on supply chain resilience and sustainability has taught us the critical importance of adaptability and foresight. Enhancing our supply chain's resilience has not only been about mitigating risks but also about seizing opportunities for sustainability, ensuring that our operations can withstand and adapt to global changes.
- Quality Products, Healthy Society: Our responsible marketing initiatives are a testament to our commitment to promoting a healthier society through quality products. This journey has highlighted the significant role that responsible communication plays in influencing societal health and well-being, encouraging us to continuously improve our practices.
- Empowered Communities: By prioritising diversity, female representation, and community engagement, we have learned the value of building empowered communities. Our efforts to foster an inclusive work environment and actively contribute to community prosperity have shown us the transformative impact of collective action and diversity of thought.
- Circular Economy: Our commitment to reducing carbon emissions, and optimising water and waste management, has been an enlightening experience towards achieving a circular economy. This pillar has underscored the interconnectedness of environmental stewardship and business operations, driving home the point that sustainable practices are not just beneficial but essential for long-term success.

I extend my heartfelt gratitude to our team, whose dedication and hard work have been pivotal in weaving sustainable practices into the fabric of our operations. Their adaptability, creativity, and commitment are the bedrock of our achievements.

While we take pride in our accomplishments, we remain mindful of the journey ahead. Recognising that sustainability is an ongoing process of improvement and learning, we are committed to advancing with patience, diligence, and an open heart.

Looking forward to the year ahead, we renew our commitment to sustainable growth. Together, we shall continue to forge a path that benefits not only our company but our planet and society at large, one step at a time.

Fethi Khiari

Chief Executive Officer

2. About United Foods

Founded in November 1976, United Foods Company emerged as a public shareholding entity in the United Arab Emirates and made its debut on the public market in 2006. Nestled in the heart of Dubai's Jebel Ali Industrial Area, our headquarters stand as a testament to our enduring presence and growth in the region.

In 2006, we inaugurated our state-of-the-art manufacturing facility in Jebel Ali, marking a significant milestone in our journey. By 2019, we had consolidated all our production activities at this modern site, streamlining our operations and enhancing our capacity to serve a diverse and expanding market.

Our distribution network spans a broad spectrum, reaching across the UAE, the GCC countries, the wider Middle East, Asia, Europe, Africa, the United States, Canada, and Australia. This extensive coverage underscores our position as a leading producer of oils and fats within the local and international markets.

Aseel, our flagship brand, leads the vegetable ghee market in the United Arab Emirates, symbolising the pinnacle of quality and consumer trust. Additionally, our Mumtaz and Nawar margarine brands dominate the UAE market, reflecting our significant market share in this category. Our product portfolio also boasts pure corn oil, canola oil, tahina, and Spanish extra virgin olive oil, alongside exclusive distribution rights for a selection of ice creams, frozen desserts, and cheeses.

At United Foods, food safety and quality are paramount. We take immense pride in our advanced facilities, highly skilled team, and Quality Management System (QMS) that garners international acclaim. Through our comprehensive systems applied across our entire value chain, we ensure that our products are delivered in a manner that is socially, environmentally, and economically responsible, reflecting our commitment to excellence and sustainability.

[Global Map]

2.1. Our Value Chain

United Foods manages a comprehensive value chain that spans procurement, manufacturing, sales, distribution, and consumer engagement:

[Infographic]

Procurement

United food is always committed to prioritize local sourcing. In 2023, we remain dedicated to backing our local suppliers, having invested approximately AED 100,000,000 in 2022 to support their endeavours. Our procurement practices include routine evaluations to ensure supplier reliability and sustainability. Additionally, we maintain certification of compliance with the Roundtable on Sustainable Palm Oil (RSPO) Supply Chain standards, reflecting our commitment to sustainable sourcing practices.

Manufacturing

Our manufacturing facilities adhere to the highest quality control standards, including ISO and HACCP certifications. We continuously invest in research and development to enhance product quality and innovation.

Sales & Distribution

Our extensive distribution network extends to over 65 countries across 5 continents. We leverage an integrated supply chain and online delivery platforms to meet the diverse needs of retail and household consumers worldwide.

Our People

At United Foods, our people are our greatest asset. With nearly 500 highly skilled and professionally trained employees, we represent a culture of inclusivity, collaboration, and continuous learning. Through ongoing training and development initiatives, we empower our workforce to drive innovation, excellence, and sustainable growth.

Consumer Engagement

United Foods serves a global consumer base, offering high-quality food and beverage products trusted by customers worldwide. Through our world-class network of integrated supply chains, we ensure product availability, quality, and safety while maintaining strong relationships with consumers.

2.2. Our Brands

United Foods is committed to producing healthy and high-quality products, considering them fundamental to our sustainability ethos. This is followed by our dedication to environmental stewardship, upscaling our efforts one step at a time.

Our extensive portfolio of healthy cooking oil brands is meticulously designed to cater to the diverse cooking needs of our customers. We pride ourselves on our premium selection of cooking oils, sourced from the finest vendors worldwide and processed in the most advanced facilities. Our goal is to satisfy our customers' preferences for traditional cuisine with products that are not only eco-friendly but also developed through cutting-edge, sustainable techniques. Aseel, our flagship brand, continues to dominate the UAE's vegetable ghee market, embodying our commitment to quality and health.

Nawar Light Spreadable, launched in 2022, stands as a testament to our sustainability and health commitment. It is 100% vegan, free from trans fats, and comes in a biodegradable tub, showcasing our relentless pursuit of sustainable packaging solutions. In 2023, we have taken a significant step forward by expanding the use of biodegradable packaging across a broader range of our products, reinforcing our high environmental drive.

[Images of the Brands and Products]

3. Sustainability At United Foods

3.1. Sustainability Governance at United Foods

United Foods Company upholds a steadfast commitment to fulfilling the objectives outlined in our Sustainability Strategy. The Board of Directors, alongside our Top Management team, oversees the enactment of vital policies, processes, and operational guidelines. They also engage in regular assessments of pertinent sustainability KPIs to ensure alignment with our strategic vision.

Following our efforts in establishing the United Foods Sustainability Committee in 2022, the year 2023 has seen the appointment of a dedicated Sustainability Officer at the Company. This role has been established to manage and report on the quarterly progress of our ESG projects, enhancing accountability and focus within our sustainability endeavours.

The Sustainability Committee comprises key internal stakeholders, selected for their capacity to champion the integration of sustainability initiatives across all business divisions. The Committee's remit extends to assigning essential responsibilities and KPIs to respective departments, thereby fostering a culture of organisational-level behavioural change that resonates with our sustainability approach.

Decisions at United Foods are taken with a comprehensive view of our economic, environmental, and social impact, ensuring sustainability is not just a consideration but the bedrock of our operations. Through this integrated approach, we strive to not only conduct business responsibly but to also set a precedent for sustainable practices within the industry.

3.2. Stakeholder Engagement and Materiality

United Foods Company is resolutely committed to enhancing stakeholder engagement and actively improving our sustainability practices to align with global shifts and expectations within the food and beverage sector. Recognising the evolving demands for food sustainability, we have embraced these changes as opportunities to fortify our dedication to sustainable growth. Our ongoing dialogue with stakeholders, marked by openness and inclusivity, allows us to address the issues that significantly impact both them and our organisation.

In 2023, in sync with the extension of the Year of Sustainability in the UAE, we undertook an internal materiality assessment with expert guidance, ensuring adherence to global best practices. This crucial assessment has fine-tuned our approach to stakeholder engagement, offering deeper insights into the concerns central to our stakeholders, and thus vital to our business's sustainability journey.

The review in 2023 has led to a substantial refinement of our ESG strategy, with a newly established focus on supply chain sustainability as a distinct governance subject, aligning with both regional and global expectations. Now, four years into our sustainability journey, we have embedded ESG principles into every facet of our business, continuously evolving to meet both European and global market standards.

Stakeholders' Engagement Table

Stakeholder Group	**Engagement**	**Needs and Expectations**
Consumers	Digital engagement, Community activities, Satisfaction surveys, Food fairs	Access to high-quality, sustainable products, Effective customer channels, Exceptional service
Our people	Training sessions, Policy briefings, Certification programs	Career development, Inclusive and safe work environment, Recognition and rewards
Shareholders and Investors	Financial reports, Board meetings, E-services	Financial stability, ESG integration, Market leadership
Communities	Charitable donations, Welfare campaigns	Community well-being, Active social partnership, Affordable activities
Government and Regulators	Audits, Compliance systems	Adherence to national visions, Legal compliance, Stakeholder protection
Partners	Feedback mechanisms, Procurement processes	Open engagement, Equitable treatment, Prompt payments

3.3. Our Sustainability Framework

UFC Sustainability Pillars			
Resilient Business Focusing on transparency, ethics, and supply chain management ensures our business practices support sustainable economic growth.	**Quality Products, Healthy Society** Our dedication to innovation, product safety, and responsible marketing contributes directly to a healthier society and environment.	**Empowered Communities** By emphasising diversity, development, and safety, we aim to uplift and empower the communities we operate in, aligning with the UAE's vision for a cohesive and inclusive society.	**Circular Economy** Managing resources more efficiently and focusing on emissions and waste reduction supports the UAE's ambition to transition to a circular economy, reducing our environmental footprint.
SDGs and Material Topics			
Ownership & Control Transparency & Business Ethics Privacy & Data Security Supply Chain Management	Innovation & Quality Product Safety & Health Responsible Marketing	Employee Diversity & Development Occupational Health & Safety Community Engagement	Energy Management & Emissions Product Carbon Footprint Sourcing & Materials Water and Wastewater Management Waste Management

3.4. Contribution to National Sustainable Development

United Foods Company (UFC) is a proactive participant in national efforts towards sustainability, aligning its operations with several key UAE initiatives that aim to foster economic, social, and environmental progress.

Under the Dubai Financial Market ESG Reporting Guidelines, UFC has embraced transparency and ethics as part of its Resilient Business pillar, reporting on its ownership, control, and supply chain management. These practices not only adhere to the guidelines but also support the UAE Vision 2071 by bolstering the nation's reputation as a reliable and ethically grounded market player.

The UAE Agenda for Sustainable Development 2030 is reflected in UFC's commitment to Quality Products and Healthy Society, where its dedication to innovation, product safety, and responsible marketing echoes the Agenda's health and wellbeing goals. UFC's initiatives in product safety and health are aligned with SDG 3 - Good Health and Wellbeing, ensuring that its products contribute positively to the nation's health.

By investing in its workforce and supporting community initiatives, UFC is contributing to a robust food system that can withstand global shifts and uncertainties. UFC's Empowered Communities pillar corresponds with the UAE National Food Security Strategy, in line with SDG 1 - No Poverty and SDG 2 - Zero Hunger.

The Company's Circular Economy pillar directly supports the UAE Circular Economy Policy and the Dubai Clean Energy Strategy through its efforts in energy management, emissions reduction, and waste management. These actions contribute to SDG 12 - Responsible Production and Consumption and SDG 13 - Climate Action, aiming to minimise the environmental impact of UFC's operations.

Lastly, UFC's alignment with the UAE Net Zero 2050 initiative is evident in its Energy Management & Emissions and Product Carbon Footprint topics. By focusing on reducing emissions and managing energy efficiently, UFC is contributing to the UAE's ambitious goal of achieving net-zero emissions, paving the way for a sustainable future.

[Icons]

Dubai Financial Market ESG Reporting Guidelines

UAE Vision 2071

UAE Agenda for Sustainable Development 2030

UAE National Food Security Strategy

UAE Circular Economy Policy

Dubai Clean Energy Strategy

UAE Net Zero 2050 Initiative

4. Resilient Business

SDG 8: Decent Work and Economic Growth

- 8.5. Decent work and equal pay
- 8.6. Promote youth employment, education and training
- 8.8 Labour rights & safe environments

SDG 9: Industry, Innovation, and Infrastructure

- 9.2. Inclusive and sustainable industrialisation
- 9.4. Sustainable infrastructure

SDG 16: Peace, Justice, and Strong Institutions

- 16.5.b. Anti-corruption and anti-bribery

4.1. Business Performance

United Foods is committed to maintaining its robust commercial performance via the implementation of a well thought-out financial strategy designed to provide social and ecological value. Our company is dedicated to serving the interests of our shareholders, employees, and the communities in which we operate. We also recognise that our performance as a business is contingent on our compliance with government and certifying body regulations. At United Foods, we are deeply committed to achieving sustainable business performance while delivering social and ecological value. Our approach integrates financial strategies with responsible practices, ensuring alignment with the interests of our shareholders, employees, communities, and regulatory bodies.

Financial Strategy

At United Foods, we recognize that our enduring success is rooted in the value we generate for all stakeholders. We take immense pride in our sustained financial achievements and the positive contributions we make to the local economy. Our commitment to excellence extends beyond financial gains as we strive to enhance our performance through a balanced business strategy, fostering economic prosperity while upholding the well-being of our employees, community, and planet.

Long-Term Financial Plan

Our comprehensive long-term financial plan undergoes rigorous review every five years to align with evolving market dynamics and strategic objectives.

Annual Budget Approval

The creation of the annual budget is a collaborative process, authorised by the Board of Directors, ensuring alignment with organisational goals and financial targets.

Monthly Financial Review

The CEO and the Board meticulously review monthly profit and loss statements to assess performance against set benchmarks and identify areas for improvement.

Quarterly Performance Analysis

The Board of Directors conducts thorough analysis and approval of the company's quarterly financial performance, ensuring transparency and accountability.

Performance Alignment

Senior management and the Board take proactive measures to address deviations from budgeted aims, implementing strategic adjustments to optimise financial performance and drive sustainable growth.

At United Foods, managing performance is not just a process; it's a commitment to excellence, transparency, and continuous improvement. Through diligent oversight and strategic decision-making, we remain dedicated to delivering enduring value for our stakeholders while maintaining the highest standards of corporate governance and integrity.

[Infographic]

Our Key Performance Indicators (KPIs) for Robust Business Performance

Identified KPIs are assessed periodically through comparisons with previous year performance and budget projections at senior management and Board levels.

1. **Healthy Balance Sheet:** Ensuring a strong financial foundation by maintaining optimal levels of assets, liabilities, and equity to support sustainable growth and mitigate financial risks.

2. **Revenue Growth:** Tracking consistent increases in total revenue over time, reflecting the effectiveness of sales and marketing strategies, market penetration, and customer retention efforts.

3. **Profitable Growth:** Monitoring the continuous improvement of net income and profit margins, indicating operational efficiency, cost management, and value creation for shareholders.

4. **Controlling Expenses:** Managing and optimising operational costs, including overhead, production, and distribution expenses, to maximise profitability and resource allocation efficiency.

5. **Consistent Dividend Payouts:** Providing regular and stable dividend distributions to shareholders, demonstrating financial stability, profitability, and commitment to shareholder value creation.

Our Growth

At United Foods, our commitment to sustained growth remains driven by our strategic focus on enhancing organisational value and stakeholder prosperity. Over the past year, we have diligently leveraged our resources and capabilities to drive progress across various facets of our operations. Despite challenges in the market landscape, our total assets have seen steady expansion, reflecting our ongoing investments in infrastructure and operational excellence. Similarly, our market capitalization has demonstrated resilience, positioning us as a formidable player in the industry. While revenue and gross profit have experienced fluctuations reflective of market dynamics, our steadfast dedication to efficiency and innovation has propelled us forward. Through prudent financial management, we have sustained a healthy net profit margin, ensuring the viability and longevity of our business endeavours. Moreover, our commitment to shareholder value is evident in our consistent dividend distributions, fostering trust and confidence among our investors.

United Foods has experienced substantial growth in key metrics over the past year, demonstrating its resilience and strategic acumen in navigating dynamic market conditions. Total assets surged to AED 414,550,895 in 2023, reflecting the company's robust investment strategies and capital allocation decisions compared to AED 388,221,634 in 2022

. Market capitalization witnessed a remarkable increase, reaching AED 329,725,000, indicative of investor confidence and market recognition of United Foods' performance and potential. UFC's total Revenue soared to AED 565,265,964, driven by effective sales strategies and market expansion initiatives. Gross profit also saw a significant uptick, reaching AED 91,919,634, even after global decline in edible oil price, reflecting a growth rate of 15% from last year. Net profit surged to AED 30,653,954 compared to AED 17,434,256 in the year 2022, showcasing United Foods' ability to translate revenue growth into sustainable profitability. Moreover, dividends distributed to shareholders reached AED 6,050,000, while retained earnings were AED 205,836,383 as of 31 December 2023. These impressive figures underscore United Foods' sustained growth trajectory and its ability to capitalise on opportunities while effectively managing risks and costs.

[Bar Chart Graph] Sustained Growth

Indicator	**Unit**	**2020**	**2021**	**2022**	**2023**
Total Assets	AED Million	372	372	388	414
Market Capitalization	AED Million	149	176	313	330
Revenue (Gross)	AED Million	430	534	670	589
Gross Profit	AED Million	77	69	80	92
Net Profit	AED Million	39	9	17	32
Dividends	AED Million	17	6	6	18

[Bar Chart Graph] (Data to be revised)

In Million AED	**2023**	**2022**	**Variance (AED M)**
Cost of Sales	473	567	(94)
Total Operating Costs	538	631	(93)
Total Assets	414	388	26

Gross Profit	92	80	12
Net Profit	31	17	14

[Highlight]

Managing Commodity Volatility and Pursuing Strategic Growth

In 2023, United Foods remains steadfast in its commitment to navigating the dynamic landscape of commodity markets while pursuing strategic growth opportunities in the food and beverage sector. Building upon the strategies outlined in 2022, United Foods continues to implement proactive measures to mitigate the impact of commodity volatility and enhance its market position.

Commodity Volatility

United Foods recognizes the inherent volatility of commodity markets and remains vigilant in deploying effective cost reduction techniques to mitigate adverse effects on financial performance. Through expense management and operational efficiency initiatives, the company endeavours to offset fluctuations in commodity prices while maintaining profitability and stability.

Furthermore, United Foods maintains agility in pricing strategies, swiftly adjusting to market dynamics to preserve its competitive edge and sustain market share. By closely monitoring market trends and consumer preferences, the company ensures responsiveness to pricing fluctuations while delivering value to customers.

Strategic Growth

In alignment with its long-term growth strategy, United Foods actively explores acquisition possibilities, particularly within the food and beverage industry. Recognizing the potential for value creation and diversification, the company seeks opportunities to expand its portfolio with value-added offerings and reduce dependence on commodity volatility.

By strategically evaluating acquisition targets and synergistic opportunities, United Foods aims to strengthen its market position, enhance product offerings, and capitalise on emerging trends in the food and beverage sector. Through prudent investment and strategic integration, the company seeks to drive sustainable growth and create value for stakeholders. The revenue distribution serves as a key indicator of the company's progress towards reducing reliance on commodity volatility and embracing value-added offerings. While the manufacturing segment has traditionally dominated the revenue share, the slight reduction has been observed in recent years signifying the company's diversification efforts and strategic investments in new business avenues.

[Pie Chart Graph] **Revenues by Business Segment (Data to be revised)**

Revenues by Business Segment	**Unit**	**2020**	**2021**	**2022**	**2023**

Manufacturing	%	96	95	94	93
Others	%	4	5	6	7

Driving Business Excellence

At United Foods, our pursuit of business excellence is driven by a relentless commitment to optimising operations and enhancing performance. In the year 2022, we embarked on a strategic initiative to automate critical procedures within our integrated management systems, investing 550,000 AED to enhance our efficiency and effectiveness to new heights. We continue to excel in 2023 through the automation of PR and purchase order approvals, credit approvals, HR processes (including leave management, certificate issuance, and other administrative tasks), CAPEX approvals, and pricing approvals. We have revolutionised our workflows, enabling seamless coordination and faster decision-making across the organisation.

As we progressed into the year 2023, our commitment to innovation and efficiency has remained unwavering. Building upon the foundations laid in the previous years, our Procurement, Logistics, Manufacturing, Sales, Merchandising, Marketing, and Communications departments continue to embrace technology and automation to drive operational excellence and enhance productivity.

KPIs for Adherence to Laws and Regulations

The following KPIs are instrumental in assessing the company's adherence to applicable laws and regulations, mitigating compliance risks, and safeguarding the organisation's reputation and integrity.

1. **Quarterly External Audit:** Conducting regular external audits by independent auditors to assess compliance with accounting standards, regulatory requirements, and financial reporting accuracy.

2. **Regular Internal Audit:** Performing internal audits at predetermined intervals to evaluate internal controls, risk management processes, and adherence to company policies and procedures. As we expand our use of technology and automation, we recognize the importance of effectively managing associated risks. Our dedicated teams have implemented efficient techniques to identify and mitigate risks, ensuring the uninterrupted operation of our business systems while maximising the benefits of increased efficiency.

3. **Timely and Accurate Submission to DFM:** Ensuring prompt and accurate submission of regulatory filings, disclosures, and compliance reports to the Dubai Financial Market (DFM) to meet statutory requirements and maintain transparency.

4. **VAT Compliance**

   Our commitment to regulatory compliance is evident in our monthly filing of VAT returns through the Federal Tax Authority (FTA) site. Any challenges encountered are promptly addressed through direct communication with management, ensuring seamless resolution and continued compliance in subsequent returns.

[Case Study]

Increased Efficiency through Business Process Automation

Efficiency and innovation drive our approach to operational processes. The integration of technology is a cross-cutting practice across all our business units. We use effective techniques to identify and manage risks associated with this transformation. This ensures our business systems keep running smoothly while also gaining the benefits of increased efficiency.

In this Business Automation initiative, we were able to transfer all our data to an automated cloud. With this, we obtained significant enhancements in:

- cost-efficiency,
- improved employee productivity,
- reduction of energy consumption by eliminating hardware storage.

[Highlights]

1. Increase in net profit of 76% in 2023
2. A 77%% increase in earnings per share for 2023 (0.52 AED in 2022 to 0.92 AED per share in 2023)
3. 7.6% return on invested capital (up from 55% in 2022)

One of the standout achievements of our Business Automation initiative has been the significant reduction in paperwork and prints across our operations. We have achieved a remarkable 70% reduction in paper consumption related to Human Resources activities through automation. Building on this success, our aim is to transition to a 100% paperless environment across all office workflows in the coming years, further reducing our environmental footprint and increasing operational efficiency.

Future Outlook

Looking ahead, we remain committed to leveraging our IT capacity to drive excellence in key business processes. Specifically, we are focusing on optimising routes, enhancing warehouse management systems, and automating sales force operations to streamline operations and enhance customer service.

4.2. Ownership & Control

Overview of Corporate Governance Practices

United Foods is dedicated to upholding the highest standards of corporate governance. Our governance framework is guided by transparency, fairness, disclosure, and accountability, rooted in an integrated system of ethics and professional integrity. We adhere to the governance practices outlined by the Chairman of the Authority's Board of Directors' decision No. 03/R.M for 2020, embracing a model of governance excellence that exceeds regulatory requirements.

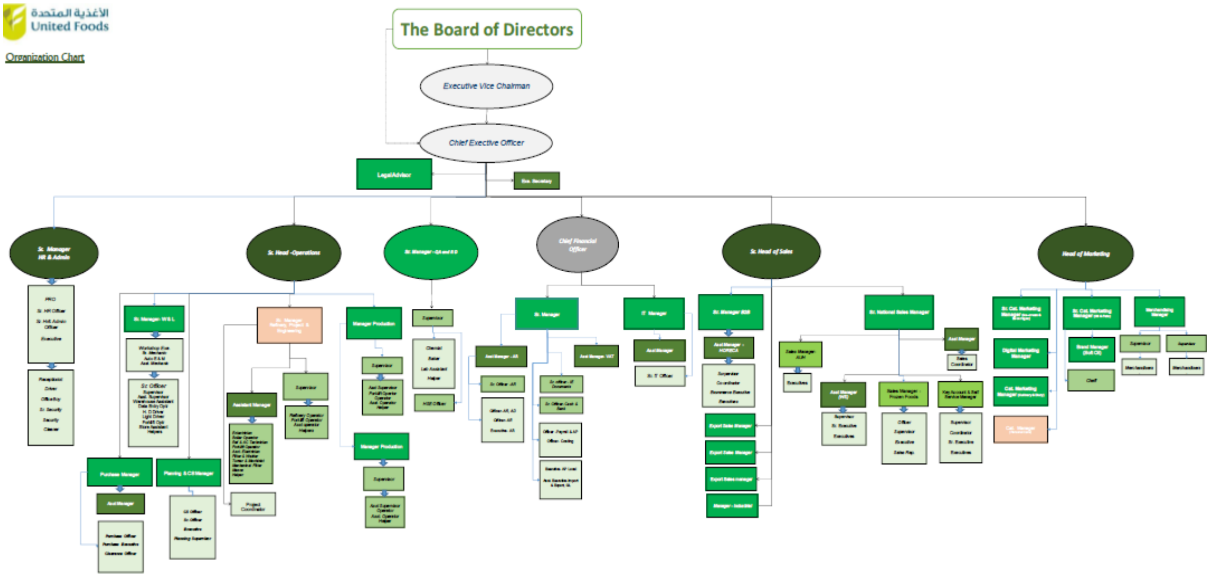
[Icons]

Our Corporate Governance Principles

- Transparency
- Fairness
- Disclosure
- Accountability

Organisational Structure

United Foods is privately owned, with ownership primarily vested in key stakeholders including founders, investors, and shareholders. Our ownership structure reflects a commitment to maintaining the company's independence and fostering long-term growth and stability.



Ownership Structure and Transactions

The ownership structure of UFC reflects a diverse array of stakeholders, including board members and executive management. Notably, the following members of the Board of Directors hold shares in the company:

[Table highlight]

Name	**Position**
Ali Bin Humaid Ali Abdalla Al Owais	Chairman of the Board of Directors
Mohamed Salim Rashid Abdalla Al Owais	Vice Chairman of the Board of Directors
Mohamed Abdelaziz Ali Abdalla Al Owais	Executive Vice Chairman
Ahmed Abdulla Sultan Abdulla Al Owais	Board Member
Abdullah Mohamed Rashid Alhuraiz	Board Member

Ahmed Ali Ahmed Salim Al Owais	Board Member
Dr Hashem Salem Hashem Salem Eldash	Board Member
Abdullah Sultan Omran Salem Al Owais	Board Member
Alya Hussain Ahmad Mohammad Alzarouni	Board Member

Board of Directors

The Board of Directors plays a pivotal role in overseeing United Foods' strategic direction, risk management, and corporate governance practices. Comprising experienced professionals with diverse backgrounds, the Board operates independently to safeguard the interests of shareholders and stakeholders. The Board's responsibilities include, but are not limited to:

- Setting corporate objectives and monitoring performance.
- Overseeing executive management and succession planning.
- Approving financial strategies, investment decisions, and major transactions.
- Ensuring compliance with legal and regulatory requirements.

In line with Securities and Commodities Authority (SCA) and United Foods' commitment to diversity and inclusion.

[Highlight- Table/Pie chart]

[Highlight- Table]

Board of Directors	**Unit**	**2021**	**2022**	**2023**
Number of members	Number	9	9	9
Number of independent members	Number	7	7	7
Executive members of the Board of Directors	%	1	1	1

Non-executive members of the Board of Directors	%			
Number of female members	Number	0	0	1
Number of male members	Number	9	9	8

Board Independence

United Foods Board members are independent. Securities and Commodities Authority (SCA) laws changed in 2020 to limit board members to four terms. The United Foods General Assembly added two board members in 2021.

Governance Committees

United Foods maintains specialised committees, such as the Audit Committee, Nominations and Remuneration Committee, and Monitoring and Supervising Committee for insiders' Transactions and Registry, to enhance governance effectiveness and oversight. These committees play key roles in:

- Reviewing financial reporting processes and internal controls.
- Evaluating executive performance and compensation.
- Monitoring compliance with legal and regulatory requirements.
- Addressing conflicts of interest and related-party transactions.

Audit Committee: It is primarily tasked with reviewing our financial reports, internal controls, and risk management processes. It oversees the external audit process to guarantee the accuracy and integrity of financial information. Additionally, the committee reports its findings and recommendations to the Board of Directors, contributing to informed decision-making and regulatory compliance.

Nominations and Remuneration Committee: It focuses on identifying the United Food's executive talent needs and formulating policies related to recruitment, compensation, and termination. It monitors and evaluates human resources and training plans, ensuring alignment with organisational goals and objectives. Furthermore, the committee reviews executive compensation packages to ensure they are competitive, reasonable, and commensurate with performance.

Monitoring and Supervising Committee: This committee is for Insider Transactions and Registry is responsible for developing rules and policies governing insider trading and securities transactions by board members and employees. It maintains a registry of individuals with access to confidential information and monitors compliance with trading regulations. The committee ensures transparency in insider transactions and discloses relevant information to regulatory authorities, fostering trust and integrity in the organisation.

Risk & Investment Committee: The formation and charter creation of our Risk & Investment Committee reinforce our commitment to robust governance and risk management practices.

4.3. Transparency & Business Ethics

At United Foods, transparency and business ethics are foundational pillars that guide our operations and relationships. Our commitment to integrity, compliance, and ethical conduct is embedded within our corporate culture and reflected in our policies, practices, and performance.

Commitments and Policies

Conflict of Interest Policy

The company strictly adheres to its Conflict of Interest Policy, ensuring transparency and integrity in all transactions. Board members and employees are required to disclose their ownership of company shares and any positions held annually. Furthermore, investments by board members and employees are subject to stringent regulations and approval processes, reinforcing our commitment to ethical conduct and accountability. Board members receive compensation based on a percentage of net profit and may also receive additional expenses or fees for special efforts. The compensation must not exceed 10% of the net profit.

Diversity and Ethics Policy

Our Diversity and Ethics Policy underscores our dedication to fostering an inclusive workplace and upholding ethical standards across all aspects of our operations.

Anti-corruption and Business Ethics Training

We provide comprehensive training in anti-corruption and business ethics to all employees, ensuring a deep understanding of ethical principles and regulatory requirements.

Commitment to Ethical Standards

United Foods stands firm in its commitment to integrity, transparency, and responsible business practices. At United Foods Company, ethical conduct is ingrained in our organisational culture and upheld by our leadership team. Through a robust Ethics and Compliance Framework, we ensure that our operations adhere to the highest ethical standards and legal requirements. By promoting fairness, honesty, and respect in all interactions, we continuously work to maintain the trust of our stakeholders and contribute to a more ethical business environment.

We are proud to report zero instances of non-compliance with regulatory requirements, bribery, corruption, or grievances related to human rights abuses or ethical misconduct. Our dedication to compliance is evident in our exemplary performance across economic/business regulations, product information and labelling laws, environmental regulations, labour and human rights legislation, occupational health and safety requirements, data security, and consumer rights.

Highlights:

1. Zero non-compliance with regulatory requirements
2. Zero cases of bribery and corruption
3. Zero grievances related to human rights abuses or ethical misconduct

Disclosure and Communication Strategy

UFC maintains a robust disclosure and communication strategy aimed at fostering transparency and trust among shareholders and stakeholders. We are committed to timely and comprehensive disclosure of material information, aligning with regulatory requirements and governance controls. Our annual general meetings serve as platforms for direct engagement with shareholders, where our leadership, including board members and executive management, provide insights into our financial and operational performance.

External Auditors

United Foods engages reputable external auditors to conduct independent assessments of its financial statements and internal controls. External auditors provide valuable insights and assurance to stakeholders regarding the accuracy and transparency of financial reporting practices.

4.4. Privacy & Data Security

In continuation of our commitment to excellence in privacy and data security, United Foods's IT Department has remained steadfast in its efforts to enhance our infrastructure and protect sensitive information throughout the year 2023. Building upon the foundation established in previous years, we have implemented strategic initiatives to reinforce our data security measures and uphold the highest standards of information technology practices.

Information Technology Innovation

Our IT Department continues to leverage our IT capacity to optimise business processes, including route optimization and sales force automation, achieving 100% implementation in both areas. Despite challenges with the initial investment and ROI of our warehouse management system, we remain dedicated to exploring opportunities for improvement and innovation.

Infrastructure Enhancement

As part of our ongoing sustainability efforts, we have successfully migrated our full infrastructure to AWS (Amazon Web Services). This transition has helped us enhance scalability and flexibility and also allowed us to better quantify and communicate the sustainability impact of our operations.

Data Security and Information Technology

In response to the evolving landscape of virtual business systems and networks, we recognize the critical importance of maintaining robust data security measures. Our IT Department is at the forefront of adopting the latest technology to ensure maximum data security, power-saving initiatives, and employee productivity.

Focus on Cybersecurity

With the increasing sophistication of cyber threats, we remain vigilant in our efforts to safeguard our systems and networks against potential breaches. Our commitment to staying current with advancements in data privacy and cybersecurity technologies enables us to proactively address emerging threats and mitigate risks to our operations and stakeholders.

4.5. Supply Chain Management

United Foods Company (UFC) approaches supply chain sustainability with a comprehensive system, encompassing sourcing, product quality, and sustainable distribution practices. Our commitment to responsible procurement practices, stringent quality standards, and environmentally conscious distribution channels strengthen our commitment to transparency, sustainability, and ethical conduct throughout the supply chain.

Responsible Procurement

United Foods continues to evaluate the sales performance of RSPO-certified (Roundtable on Sustainable Palm Oil) products like palm oil, collaborating closely with our Marketing team to track and assess market demand and consumer preferences. Our Operations department maintains the consistent supply of materials and resources in overall consumption, reflecting our commitment to efficient resource utilisation and waste reduction.

Material Quality

United Foods prioritises quality, especially when it comes to material quality, acknowledging its critical role in ensuring end-user products that meet the highest standards of excellence and consumer expectations. Through continuous monitoring, evaluation, and improvement of our material quality standards, we strive to enhance the overall integrity and sustainability of our supply chain operations. United Foods proudly announces its certification under the FSSC 22000 scheme by Bureau Veritas, encompassing ISO 22000:2018 standards for food safety management systems, ISO TS 22002-1:2009 prerequisites for food manufacturing, and ISO TS 22002-5:2019 prerequisites for transport and storage. This certification has enhanced our operational capabilities by providing access to larger buyer networks, further strengthening our position in the marketplace.

Sustainable Distribution Practices

As a priority for 2023, we have entered the transition towards fully sustainable packaging solutions, aligning with our commitment to environmental sustainability and responsible stewardship. Additionally, as part of our commitment to reducing carbon emissions and promoting renewable energy sources, we have integrated biofuels into our fleet operations, minimising our environmental footprint and contributing to climate change mitigation. Route optimization technologies are continually invested in to enhance operational efficiency, reduce transportation costs, and minimise carbon emissions associated with logistics operations.

[Key Highlight]

1. FSSC 22000 certified (FSSC 22000 logo)
2. United Foods in line with RSPO

5. Quality Products, Healthy Society

SDG 3: Good Health and Wellbeing

- 3.4. Reduce mortality from non-communicable diseases

SDG 12: Responsible Production and Consumption

- 12.2. Sustainable management and use of natural resources
- 12.3. Halve global per capita food waste
- 12.4. Responsible management of chemicals and waste
- 12.5. Reduce waste generation

5.1. Innovation & Quality

At United Foods, we recognize that innovation and quality are integral components of our commitment to sustainability and the health of our consumers. Our relentless pursuit of excellence drives us to continually innovate and elevate standards across our operations, ensuring the delivery of safe, nutritious, and high-quality food products to our customers.

Innovative Practices

United Foods embraces innovation as a cornerstone of our sustainability efforts. We invest in research and development to explore cutting-edge technologies, processes, and ingredients that enhance the nutritional value, taste, and safety of our products. By leveraging innovation, we strive to meet evolving consumer preferences, address emerging health concerns, and reduce our environmental footprint.

Consumer-centric Innovation

We recognize the critical role of nutrition in promoting health and well-being. United Foods is dedicated to offering nutritious food options that support healthy lifestyles and dietary preferences. Our product development initiatives prioritise the use of wholesome ingredients, natural flavours, and sustainable sourcing practices to enhance the nutritional value of our offerings while meeting consumer demand for healthier choices. One of UFC's standout product lines is Nawar Light. Our customers prefer it for its traditional flavour profile, coupled with its status as a healthy alternative to traditional offerings.

[Highlight- Text box and HD image of products]

Nawar Light

Nawar Light products represent United Foods's dedication to healthier alternatives without compromising on taste or quality. Developed as reduced-fat options, Nawar Lite Margarine and Nawar Lite Olive Oil Margarine offer consumers balanced choices amidst growing concerns over obesity and dietary health. Nawar Light Margarine has received the prestigious GCC Innovative Product of the Year award.

[Key Highlight- award image or logo]

1. Nawar light Margarine- GCC Innovative product of the year

[Highlight- Text box]

Case Study: Enhancing Health with Vitamin 'E', Fortified Margarine

The addition of Vitamin E to 'Nawar Lite Margarine' has been a game changer to consumer health and well-being. Vitamin E's antioxidant properties offer numerous health benefits, including immune system support and heart health. This case study examines the nutritional advantages and health impacts of fortified margarine consumption.

Vitamin E deficiency can lead to various health issues, including oxidative stress and cardiovascular diseases. 'Nawar Lite Margarine' addresses these concerns by providing a convenient source of Vitamin E, supporting overall health and wellness.

Fortified margarine consumption enhances antioxidant defences, reduces cardiovascular risk factors, and supports immune function. Vitamin E's anti-inflammatory properties offer additional health benefits, promoting overall well-being and vitality.

[Icons]

- Enhanced antioxidant defences
- Reduced cardiovascular risk factors
- Immune system support
- Anti-inflammatory properties

Quality Assurance

Quality assurance is paramount in everything we do at United Foods. We adhere to stringent quality control measures throughout our production processes, from sourcing raw materials to packaging and distribution. Our state-of-the-art facilities are equipped with advanced testing equipment and protocols to ensure compliance with regulatory standards and exceed customer expectations.

Compliance

Stringent Testing Protocols

United Foods employs its quality assurance team following stringent testing protocols and quality control measures at every stage of the production process to uphold the highest standards of product quality and safety.

Customer Satisfaction

United Foods is dedicated to delivering products of the highest quality, taste, and consistency, aiming to earn the trust and loyalty of customers worldwide. Our relentless commitment to food safety and quality is evidenced by the high level of customer satisfaction and minimal product complaints. In the food and beverage sector, we maintain an exceptionally low complaint rate over many years..

Our profound market knowledge and understanding of consumer preferences have driven the establishment of the United Foods Company distribution wing. This division is exclusively dedicated to distributing third-party FMCG products. Over the past seven years, we have successfully secured exclusive distribution rights for world-class products, including the Mondelēz ice-cream range, Nestlé Ice-cream range, Flying Goose—the authentic Sriracha hot sauce brand, and Walker's Vitamin C drink.

Continuous Improvement

We are committed to continuous improvement in our quality management systems. Through ongoing monitoring, analysis, and feedback mechanisms, we identify areas for enhancement and implement corrective actions to drive operational excellence and product integrity. Our dedication to continuous improvement underscores our commitment to delivering safe, reliable, and superior-quality food products to consumers worldwide.

5.2. Product Safety & Health

At United Foods, our commitment to product safety and consumer health is at top priority. We prioritise the well-being of our consumers by ensuring that every aspect of our operations reflects our dedication to delivering premium-quality goods.

Commitment to Safety

United Foods has state-of-the-art production facilities, highly trained workforce, and internationally acclaimed food safety management systems. Each procedure is meticulously executed to uphold the highest standards of safety and quality, ensuring that our consumers receive only the finest products.

Health and Nutrition

At United Foods, promoting health and wellness is integral to our mission of providing nutritious and high-quality food products to our consumers. We recognize the importance of offering products that not only taste great but also contribute to the well-being of individuals and communities. One significant achievement is our transition to 100% Trans Fats Free (TFF) products, which has been a result of dedicated efforts by our R&D team and top management. Our journey towards eliminating hydrogenation from our cooking oil products began in 2018, culminating in the complete elimination of trans fats by 2020. This achievement has been a milestone towards United Foods' innovative approach as well as our consumer health.

[Case Study]

Nawar Lite: A Health-Conscious Choice

'Nawar Lite Margarine' and 'Nawar Lite Olive Oil Margarine' are Margarine Spreads with reduced fat content than common Fat Spreads available in Market. These products represent our response to global health concerns, offering consumers healthier options while reducing environmental impact. These products mirror the sensory profiles of full-fat alternatives, addressing obesity and resource depletion concerns. This case study explores the health benefits and environmental advantages of low-fat margarine consumption.

Excessive fat consumption contributes to chronic diseases like obesity and diabetes. 'Nawar Lite Margarine' mitigates these risks by providing reduced-fat alternatives without compromising taste or texture, aligning with consumer wellness trends.

Lower fat intake reduces calorie consumption, aiding in obesity management. Reduced vegetable oil usage conserves natural resources and decreases environmental impact, contributing to sustainability efforts.

[Icons]

- Reduced calorie consumption
- Obesity management
- Resource conservation
- Environmental sustainability

[Case Study]

Embracing Plant-Based Nutrition

The introduction of certified vegan products, including 'Nawar Light Spreadable Margarine' and 'Aseel Vegetable Ghee,' reflects our commitment to providing nutritious alternatives that align with consumer preferences. Certified by the Vegan Society, UK, these products cater to individuals seeking plant-based options while promoting health and environmental sustainability. This case study explores the health benefits and ethical considerations associated with vegan product consumption.

The rise of veganism is driven by concerns for personal health, animal welfare, and environmental sustainability. Our certified vegan offerings provide consumers with ethical and nutritious choices that support a plant-based lifestyle.

Vegan diets are associated with various health benefits, including reduced risk of chronic diseases, improved heart health, and weight management. Plant-based foods are rich in essential nutrients and antioxidants, supporting overall well-being and vitality.

[Icons]

- Healthier dietary choices
- Reduced risk of chronic diseases
- Improved heart health
- Weight management
- Ethical considerations for animal welfare and environmental sustainability

5.3. Certifications

[Infographic] - Timeline

ISO 22000:2018 - since 2021

HACCP - since 2016

Halal - since 2020

RSPO - since 2020

Dubai Municipality Food Safety Department Rated A- Gold - since 2022

FSSC 22000 - since 2023

Vegan Certification – in year 2022

[Highlight- Text box with logo]

FOOD SAFETY SYSTEM CERTIFICATION (FSSC) 22000v5.1

United Foods proudly announces its certification under the FSSC 22000 scheme by Bureau Veritas, encompassing:

- ISO 22000:2018 standards for food safety management systems
- ISO TS 22002-1:2009 prerequisites for food manufacturing
- ISO TS 22002-5:2019 prerequisites for transport and storage
- Additional FSSC 22000 requirements (Version 5.1)

Scope of Certification

Our certification includes:

- Manufacturing processes for vegetable oils, packed in various formats including tins, HDPE bottles/cans, PET bottles, HDPE bag-in-box, drums, and bulk tankers.
- Manufacturing of pure ghee, vegetable ghee, blended ghee, shortening, butter/blended spread (chilled and frozen), margarine/spread (chilled) packed in HDPE sheets and bags, PP tubs, and aluminium foils.
- Storage of ambient stored products such as cooking ingredients, sauces, evaporated milk, beverages, frozen vegetables, ice cream, and dairy products, and transportation by road.

5.4. Responsible Marketing

At United Foods, the significant impact of marketing on consumer behaviour and societal norms is highly valued. Our commitment to responsible marketing practices is integral to our Environmental, Social, and Governance (ESG) initiatives. We strive to ensure that our marketing efforts align with ethical principles, promote transparency, and contribute positively to society.

Responsible Labelling

Sustainability communication is fundamental to our business practices. Our product labels contain accurate and up-to-date information, complying with all relevant laws and standards. We maintain a zero-tolerance approach to complaints about product information or labelling and ensure full compliance with food labelling and advertising legislation while introducing multiple socially responsible marketing initiatives. UFC is prioritising sustainable initiatives in 2023, with a primary focus on completing the packaging design for existing products through responsible communication and environmentally friendly practices. We follow a well-defined Responsible Marketing Communication model for the following since the year 2022. It also reflects our commitment to ethical product promotion and transparent communication with our customers:

[Icons]

- Environmental initiatives
- Community initiatives
- Sustainability communication

[Key Highlight]

1. Zero complaints about product information or labelling
2. Zero incidents on non-compliance with food labelling and advertising legislations

Integrated Departmental Synergy

Our marketing department works closely with other key departments, including innovation, CSR, and Sustainability, to integrate responsible marketing practices into all aspects of our business operations. By aligning marketing efforts with sustainability goals and corporate values, we maximise our positive impact on society and the environment. This cross-functional collaboration ensures that our marketing initiatives are aligned with our overarching mission and contribute to our long-term sustainability objectives.

Consumer Awareness and Social Media:

Empowering consumers through education about healthy eating habits, food safety practices, and balanced nutrition is fundamental to our marketing approach. Through targeted campaigns, informative product labelling, and digital platforms like LinkedIn and Instagram, we equip consumers with the knowledge needed to make informed choices about their diet and nutrition. Through our social media channels, we engage consumers in conversations about health and wellness along with updating customers with our latest sustainability efforts like sustainable packaging and community initiatives .Simultaneously, we strive to raise consumer awareness about sustainability issues, encouraging responsible consumption habits and fostering a culture of environmental stewardship.

Partnerships for Positive Impact

United Foods Company actively partners with organisations promoting consumer protection, environmental sustainability, and social responsibility. Collaborations with Emirates Society for Consumer Protection and ADNOC exemplify our commitment to societal welfare. Through joint efforts, we aim to empower consumers, protect their rights, and promote a culture of transparency and accountability in the marketplace. Additionally, our sustainability platform, Step-up-with-Aseel (SUWA), collaborated with (Beat-The-Cyber-Bully) BTCB to address cyberbullying, conducting online safety workshops for children and parents, reinforcing positive digital behaviour. Through strategic partnerships, we create meaningful societal impact and more towards a sustainable future.

[Highlight- text box]

Our Responsibility to Protect

The Emirates Society for Consumer Protection achieved a remarkable milestone by creating the world's largest awareness mural on Union Street, located between Dubai and Sharjah. The campaign’s main communication took place on what is now a Guinness World Record-breaking billboard, and we are incredibly proud to announce that our iconic ‘United Foods Company’ logo was featured on it.

6. Empowered Communities

SDG 1: No Poverty
- 1.1. Eradicate poverty
- 1.2. Halve extreme poverty
- 1.4. Ensure equal rights to economic resources

SDG 4: Quality Education
- 4.3. Equal access to affordable quality education
- 4.4. Increase skills for financial success
- 4.7. Education for sustainable development and global citizenship

SDG 5: Gender Equality
- 5.1.c. End discrimination against women
- 5.5. Ensure participation in leadership & decision making

SDG 8: Decent Work and Economic Growth
- 8.5. Decent work and equal pay
- 8.6. Promote youth employment, education and training
- 8.8 Labour rights & safe environments

SDG 10: Reduced Inequalities
- 10.2. Promote socio-economic inclusion
- 10.3. Ensure equal opportunities & end discrimination

SDG 17: Partnership for the Goals
- 17.17. Encourage and promote effective partnerships, building on the experience and resourcing strategies

6.1. Our People at a Glance

We at United Foods are dedicated to being a responsible employer and committed to creating an environment where every employee feels valued, respected, and inspired. We firmly believe that a positive workplace culture is essential for both personal and professional growth. We prioritise open communication, inclusivity, and diversity, ensuring that all team members have equal opportunities to thrive and contribute to our success. By investing in our employees' well-being, offering continuous learning opportunities, and promoting a healthy work-life balance, we strive to create a supportive atmosphere where individuals can reach their full potential and feel proud to be part of our team.

[Highlights]

1. 503 highly skilled individuals
2. Workers by age

   [Bar Chart]

Description	Unit	2021			2022			2023		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
Employees age 18-30	Number	2	111	113	3	118	121	4	118	122
Employees age 31-50	Number	9	296	305	10	315	325	11	315	326
Employees age +51	Number	1	46	47	1	45	46	1	54	55

3. New Hires by Age

   [Bar Chart]

Description	Unit	2021			2022			2023		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
Age 18-30	Number	2	27	29	1	40	41	4	36	40
Age 31-50	Number	4	32	36	3	37	40	3	32	35
Age +51	Number	0	1	1	0	1	1	0	0	0

4. 487 Male. As is common in the food and beverage manufacturing industry, our workforce is predominantly male.
5. 16 Female. By actively advocating for female employment, we saw a 14.29% rise in the representation of women in the workforce compared to the prior year.
6. 89% of our employees are between 18-50

7. 75 New Hires in 2023
8. 24 Nationalities

Over the past year, our company has undergone significant growth and transformations within our workforce.

Firstly, we have noticed a significant rise in the number of our full-time employees, with 11 additional employees compared to 2022, including 2 females. This increase brings our total employee count up by 38 compared to 2021. These new hires were for full-time positions, as we maintain our commitment to prioritising this type of employment.

While our outsourced staff remained consistent at 10 individuals, we did observe changes in our senior and middle management demographics. While female representation remained stable at 3, the number of male senior management employees increased from 29 to 34. On the other hand, in middle management, we saw a decrease in male employees from 103 to 96 but an increase in female employees from 8 to 11.

Our voluntary employee turnover remained at 0 for the third consecutive year, demonstrating high satisfaction and retention rates. Similarly, our absentee rate stayed low at 1 for the second year running.

In 2023, there was a notable increase in employees taking parental leave, with 5 male employees utilising this benefit. This marks an increase of 4 employees compared to the previous years; all 5 employees returned to work after their leave.

Employee Benefits

Our commitment lies in offering top-notch employee benefits that enhance the health and well-being of our workforce. We firmly believe that investing in our employees is pivotal to our company's success, encompassing everything from comprehensive health insurance to highly competitive remuneration packages. Continuously striving for improvement, we aim to equip our team with the necessary tools and support for personal and professional growth. Our core employee benefits include:

- Annual leave
- Additional three days of paid casual leave
- Medical insurance
- Group life insurance
- Parental leave
- Accommodation
- Transport
- Overall competitive remuneration package

Regarding pension schemes, our approach aligns with local regulations for various employee groups. For expatriates, we adhere to relevant UAE Labour Laws by calculating gratuity/End of Service on a monthly basis, with the accrued amount recorded and disbursed to the respective employee upon departure from the company. For UAE and GCC nationals, both employee and company pension contributions are deposited into Government accounts following pertinent local regulations.

Employee salaries and benefits (AED)

Our employee compensation strategy involves a year-on-year increase, taking into account rising living expenses and the global cost of social welfare. We are dedicated to supporting the local economy by ensuring our employees receive fair compensation..

Emiratisation

At United Foods, we excel in effectively recruiting national employees following government mandates, ensuring compliance with local regulations, and cultivating a diverse workforce.

As part of our commitment to supporting the local community, we have plans to further enhance our efforts in hiring Emirati talent. We recognize the value and importance of incorporating Emirati individuals into our team, not only for their unique perspectives and skills but also for their contribution to the broader national economy.

In 2023, we observed a slight decrease in the presence of Emirati individuals in senior management, dropping from 3.13% to 2.7%. However, during the same period, we experienced a significant increase in the number of national employees, more than doubling with a total of 7 local employees now contributing to our company. This increase was particularly significant as it included the addition of 4 new local employees, marking a significant milestone for United Foods. Notably, 2 of these new hires were the first female Emirati employees to join our company, reflecting our commitment to fostering diversity and inclusion within the workforce while also contributing to the development of local talent.

6.2. Employee Diversity & Development

At United Foods, our work environment fosters inclusivity and equity, as evidenced by our exceptionally high employee satisfaction rate. We take pride in our diverse workforce, where each member brings unique value to our team and contributes to our long-term value-building efforts. As of 2023, our workforce comprises representatives from 24 different nationalities, highlighting our commitment to diversity and inclusion.

[Infographic - List of icons]

- All our employees undergo regular performance and career development reviews.

- Our Human Resources policy and Code of Conduct align with human rights and non-discrimination principles.
- We strictly adhere to our Fair Compensation policy, which is based on the principle of 'equal pay for equal work.'
- There have been zero incidents of discrimination or grievances related to discrimination in the company's history.
- The ratio of median compensation among middle management to CEO compensation is 6.1:1.

Gender Equality

As a food and beverages business, we face the industry-wide challenge of attracting female workforce participation. Given that most of our workforce comprises blue-collar personnel, which may not be culturally appealing to women in the UAE, our current rate of female employment stands at 3.18%, reflecting an increase of 0.34% since last year.

United Foods is dedicated to continuously enhancing its practices to ultimately achieve gender equality. As part of this commitment, in 2023, a remarkable 87.5% of our female workforce occupied positions in middle and senior management. Furthermore, we significantly bolstered our efforts by welcoming aboard seven new female employees, marking an almost twofold increase compared to the preceding year.

Despite seeing a substantial increase in median compensation for both females and males by 45% and 46% respectively compared to 2022, United Foods continues to grapple with a gender pay gap, with the male-to-female salary ratio remaining at 2:1. While efforts have been made to improve compensation levels overall, we are conscious of the need for further action to address and narrow the gender wage gap.

Finally, this year we established an internship program in collaboration with local universities to encourage younger and female employment within our company. This initiative aims to address the challenge of attracting these demographics while harnessing the diverse skill sets that the next generation will contribute to the industry.

Learning & Development

We strongly believe that fostering a supportive work environment is essential for enhancing innovation and productivity. Recognizing that retaining and nurturing our workforce is vital for business success, we dedicate both time and resources to facilitating professional learning and development activities for our employees.

[Infographic]

In 2023, our Employee Learning & Development initiatives focused on the following key areas:

- External Training for Management

- Internal Training for blue-collar employees
- Safety Training
- Occupational Training

Employee training criteria are determined based on several factors, including the nature of the work category, government regulations, or specific requirements outlined by department heads, as informed by the outcomes of performance appraisal results.

In the realm of employee development, United Foods achieved remarkable progress in 2023, delivering a total of 3,630 training hours—a staggering 173% increase compared to the previous year and an astonishing 630.38% surge from 2021 levels. Unlike in 2022, where the emphasis was primarily on upskilling senior management, this year witnessed a strategic shift in focus towards middle management and non-management employees, with training hours increasing by 129% and an impressive 888%, respectively.

[Table]

Description	**Unit**	**2021**	**2022**	**2023**
Total training delivered	Hours	497	1329	3630
Senior management employees	Hours	100	635	239
Middle management employees	Hours	282	456.5	1044.5
Non-management employees	Hours	115	237.5	2346.5

Despite the substantial increase in training expenditure, reflecting a commendable 48% rise, the company demonstrated exemplary resource management, effectively maximising the impact of the increased training hours. This holistic approach to employee development underscores United Foods' commitment to fostering growth and skill enhancement across all levels of the organisation while optimising the utilisation of resources to achieve optimal outcomes.

Highlights

- Training hours by gender:

  [Bar Chart]

Description	**Male**	**Female**
Total training delivered	3288	342

- Total hours of training: 3630
- Investment in Employee Learning (AED): 102,652
- 201% Increase in investment in employee Learning & Development with respect to 2020
- 6.71 hours of training per employee

- 0 number of e-learning training hours delivered

6.3. Occupational Health & Safety

At our company, we place the highest importance on the welfare of our most valuable resource: our employees.

Our commitment to health and safety is built upon the foundation of implementing workplace safety practices aimed at creating a hazard-free environment and managing risks within acceptable limits. Oversight of health and safety policies across our business divisions and workforce is entrusted to our Health, Safety, and Environment (HSE) Committee. This committee is responsible for ensuring compliance with all relevant policies and procedures, as well as providing access to up-to-date training materials for all employees.

We consistently address identified hazards and frequently assess, update, refine, and enhance our training and safety procedures. Our senior management has approved the UFC-HSE Policy, granting employees the authority to cease work if they deem their working conditions unsafe. Our employees undergo comprehensive training, both internally and externally, covering Risk Assessment and Occupational Health and Safety (OHS) to ensure they have access to critical information regarding workplace health and safety. We actively promote employee engagement in the development, execution, and assessment of our occupational health and safety program through training sessions, encouraging their participation and input.

Furthermore, to ensure comprehensive protection, medical insurance is provided to all UFC employees, offering access to non-occupational medical and healthcare services.

[Highlight - Text box]

- In 2023, our diligent efforts led to the documentation of several work-related hazards, amounting to a total of 6 incidents.

[Highlight - Text box]

UFC's Approach to Health and Safety

Our strategic focus on Occupational Health and Safety is driven by these three key areas:

1. **Establishing a culture of health and safety**

   Introducing a culture centred on health and safety has been a gradual process since 2021, aimed at aligning with the requirements for ISO 45001:2014 Occupational Health & Safety certification.

2. **Top management support**

   The UFC senior management is fully committed to the project and emphasises the importance of health and safety by demonstrating leadership through their actions.

3. **Meeting legislation**

   We have established a formal Occupational Health and Safety Management System and recognize the critical importance of workplace health and safety. Our employees prioritise health and safety, understanding that any existing risks or hazards could lead to incidents or accidents. We ensure that United Foods employees and stakeholders are trained, informed about objectives and plans, and provided with relevant information to support optimal health and safety performance. Additionally, we involve them in the consultation process throughout.

[Infographic]

- Recognizing, mitigating, and managing workplace hazards
- Utilisation of internal and external trainers
- Implementing a cohesive approach to Occupational Health and Safety (OHS) management
- Striving for a workplace with zero incidents

Standard Operating Procedure for Incident Response

To enhance our Occupational Health and Safety (OHS) management, we have implemented a Standard Operating Procedure for Incident Response, which forms an integral component of the UFC Enterprise Risk Procedure (ERP). This protocol outlines the procedure for investigating workplace incidents.

1. Recognize hazards and assess risks linked to incidents.
2. Establish corrective measures following the control hierarchy.
3. Identify necessary system improvements for effective occupational health and safety management.

[Infographic - Pyramid]

Hierarchy of Controls

1. Elimination
2. Substitution
3. Engineering controls
4. Administrative controls
5. Personal protective equipment

[Text box]

We are dedicated to the ongoing enhancement of our Occupational Health and Safety (OH&S) culture and performance at United Foods. In 2023, our efforts include:

- Progressing towards attaining ISO 45001:2018 OH&S Management System certification by 2025.

- Expanding the implementation of an online OH&S reporting system adopted at the end of last year to centralise information on all health and safety concerns.

Grievances

Zero instances of grievances related to human rights violations were addressed with prompt attention and care. These reports serve as valuable opportunities for our organisation to uphold its commitment to human rights and ensure a safe, respectful, and inclusive environment for all. By swiftly addressing these grievances, we demonstrate our dedication to fostering a culture of accountability and respect, where every individual's rights are valued and protected.

6.4. Empowering Our Community

Our ultimate goal is to emerge as the leading food and beverage company, committed to enhancing the quality of life for community members through various social welfare initiatives. Guided by our Corporate Social Responsibility (CSR) philosophy, we prioritise the use of socially and environmentally sustainable practices in all our interactions with the community, aiming to raise awareness about the well-being of our planet.

[Infographic - Campaigns + Images]

1. **Ramadan Mir Initiative:** We partnered with Dubai Police for the Ramadan Mir initiative to assist a community of 1,400 workers. Our significant contribution aimed to supply essential items, reflecting the spirit of the holy month. This collaboration included distributing 300 cartons of canned goods while also raising awareness about workers' rights.

2. **Step Up With Aseel:** Annually, we concentrate our endeavours on tackling a pertinent contemporary challenge. This year, we partnered with “Beat-the-Cyber-Bully” to deliver a meaningful initiative for students in Dubai. Our goal is to enhance the well-being of the younger generation while promoting a safer and more inclusive online environment for everyone.

3. **Breast Cancer Awareness Month:** We at Aseel and United Foods were actively involved in this crucial campaign, dedicating ourselves to raising awareness and showing support for the cause. Through various initiatives, including sharing informative posts on our social media platforms, we aimed to educate our communities about the importance of breast cancer awareness, early detection, and prevention strategies.

4. **Educating Young Minds:** United Foods Company had the pleasure of hosting a group of students from the Indian International School at our Jebel Ali factory for an enriching educational tour. During their visit, students were provided with a unique opportunity to gain firsthand insight into our operations and processes.

5. **ESSEC Business School:** We guided the students through our operations, highlighting the distinctive features of the food and beverage sector in the UAE. Engaging in conversations about key success factors, industry obstacles, market requirements, and regional prospects, we provided valuable insights. The students displayed a strong interest in our innovative methods, customer-centric approach, and dedication to maintaining high standards of quality.

7. Circular Economy

SDG 6: Clean Water and Sanitation

- 6.3. Improve water quality, wastewater & safe reuse
- 6.4. Increase water use efficiency

SDG 7: Affordable and clean energy

- 7.2. Increase the share of renewable energies in the energy mix
- 7.3. Double energy efficiency

SDG 12: Responsible Production and Consumption

- 12.2. Sustainable management and use of natural resources
- 12.3. Halve global per capita food waste
- 12.4. Responsible management of chemicals and waste
- 12.5. Reduce waste generation

SDG 14: Life Under Water

- 14.1. Reduce marine pollution
- 14.2. Protect and restore ecosystems

SDG 15: Life on Earth

- 15.1. Protect, restore and promote land ecosystems
- 15.2. End deforestation and restore forests
- 15.6. Promote access to genetic resources and benefit fair sharing

7.1. Energy Management & Emissions

In today's dynamic global market, adopting energy management and emission reduction strategies is part of the day-to-day for companies like United Foods. As a key player in the food industry, our commitment to energy conservation centres around reducing our consumption through efficiency and innovation, as well as advocating for the adoption of more energy-efficient infrastructure. To meet our energy demands, we utilise a combination of direct and indirect sources, including fuel consumption at our production facilities and transportation managed by our distribution fleet.

In the last three years, we have categorised our emissions into two groups: Scope 1, which encompasses emissions directly linked to activities such as diesel consumption at our facilities and by our fleet, and Scope 2, which represents emissions related to purchased energy in the form of electricity.

[Chart - Diesel and Electricity Consumption]

Description	2021	2022	2023
Total diesel consumption	1,771,357	2,159,558	2,431,889
Total electricity consumption	6,985,698.00	8,611,612.00	7,300,503.00

In 2023, our diesel usage reached 2,431,889 litres, up by 272,331 litres from 2022, marking a 12.61% rise. This increase, however, was less than the previous year's uptick of 21.92% between 2021 and 2022.

Out of the total diesel consumed, 1,741,812 litres were utilised in production, showing a 13.87% increase, while 690,077 litres were used in vehicles, reflecting a 9.56% rise compared to 2022.

Regarding electricity consumption, we used 7,300,503 kWh in 2023, indicating a decrease of 1,311,109 kWh from 2022, representing a 15.22% decline. This reduction is notable considering the substantial 23.27% increase observed in 2022 compared to 2021.

[Chart - Refrigerants]

Description	2021	2022	2023
Refrigerants	1,050.00	800.00	1,450.00

The usage of refrigerants, specifically Ammonia, increased from 800 units in 2022 to 1,450 units in 2023, representing an 81.25% increase.

[Chart - Emissions]

Description	Unit	2021	2022	2023
Scope of the emission: Scope 1	tCO2e	4,741,022.84	5,780,039.71	6,508,931.45
Scope of the emission: Scope 2	tCO2e	2,818,729.14	3,474,785.44	2,945,752.96

Total emissions	tCO2e	7,559,751.98	9,254,825.15	9,454,684.41

Regarding emissions, our Scope 1 emissions in 2023 amounted to 6,508,931.453 kg of CO2e, marking an increase of 12.61% compared to 2022, which translates to 728,891.74 kg of CO2e. On the other hand, Scope 2 emissions in 2023 totaled 2,945,752.96 kg of CO2e, indicating a 15.22% decrease compared to 2022, amounting to a reduction of 529,032.48 kg of CO2e and a minimal 4.51% increase compared to 2021, equivalent to 127,023.82 kg of CO2e.

In total, our CO2e emissions amounted to 9,454,684.414 kg in 2023, showing a 2.16% rise compared to 2022, equivalent to 199,859.26 kg of CO2e. These numbers have been the result of our incessant efforts, particularly highlighted by the implementation of two integral projects under our energy management initiative:

1. Installation of Steam Flow metres.
2. Centralization of Energy Metres.

Both projects aim to enhance the monitoring and control of various systems to visually track our energy usage. This will empower us to identify and implement necessary improvements or adjustments.

Diversifying Our Energy Mix

In line with our dedication to addressing climate change and advancing energy sustainability, we constructed a 2-megawatt solar power facility at our site in Jebel Ali, Dubai. This initiative was undertaken in collaboration with Yellow Door Energy, a leading sustainable energy company responsible for overseeing the design, construction, commissioning, and management of United Foods' solar power installation.

This project symbolises a significant milestone in our sustainability journey and underscores our commitment to substantially reducing our carbon emissions. The rooftop solar plant, with a capacity of 2,000 kilowatt-peak, generated 3.1 million kilowatt-hours of clean energy in 2023, amounting to 45.5% of the factory's electricity consumption.

[Infographic]

The adoption of solar panels has resulted in significant savings to date:

- Saved: 1,382,740 AED

- Saved: 6,389,742.6 kWh

- Reduced carbon emissions by: 3,022 metric tonnes

- Planted: 60,420 trees

- Removed: 631 cars

[Highlights]

1. 12.6% increase in Scope 1 emissions, with respect to 2022
2. 15.22% decrease in Scope 2 emissions, with respect to 2022
3. Overall, only a 2.16% increase in carbon emissions compared to 2022

7.2. Product Carbon Footprint

The monitoring of the carbon footprint of a product is essential for companies such as United Foods. Metrics related to carbon and energy intensity not only ensure our adherence to regulations but also assist us in advancing global sustainability initiatives.

Our energy management approach is continually evolving, recognising the potential for increased efficiency across our operations. Therefore, we are committed to significantly reducing our energy consumption and carbon footprint through various initiatives outlined in our sustainability framework. These endeavours not only align with our goal of attaining carbon neutrality but also support regional energy initiatives such as the Dubai Clean Energy Strategy.

In terms of Carbon and Energy Intensity, we have instituted the following measures to improve our management of diesel consumption:

- Addressing steam leakages to eliminate waste
- Installing insulation to minimise heat loss
- Implementing condensate recovery systems
- Ensuring optimal boiler combustion efficiency
- Adjusting steam pressure to optimise latent heat for the heating system

7.3. Sourcing & Materials

Sourcing

At United Foods, the cornerstone of our supply chain management is rooted in open and ethical sourcing practices. These practices not only benefit our suppliers but also enhance the experience for our consumers through improved data and knowledge.

To uphold our commitment to integrity and ethical standards throughout our supply chain, we mandate that our vendors adhere to procedures aligned with the highest environmental and social responsibility standards, such as the Roundtable on Sustainable

Palm Oil (RSPO). This ensures that our operations reflect our core values of trustworthiness and ethical conduct.

[Highlight]

At United Foods, we are committed to sourcing from reputable suppliers who uphold international human rights standards, actively combat child labour, and demonstrate accountability for their impact on natural ecosystems. Recognising the importance of biodiversity preservation in our supply chain, we joined the RSPO and diligently pursued certification, ensuring compliance with the RSPO's rigorous criteria.

In 2020, we achieved RSPO certification, empowering us to responsibly source and distribute palm oil from suppliers that were rigorously audited. Presently, our monthly supply of sustainable palm oil stands at 35 metric tonnes.

[Text box]

Our Vendor Management System now incorporates robust measures for environmental and social responsibility, ensuring that our vendors fully meet our requirements concerning:

[List with icons]

1. Human Rights
2. Quality Control
3. Environmental Management.

Moreover, we have formulated a strategy to extend the distribution of our RSPO-certified palm oil, exemplifying our enduring commitment to sustainability across our supply chain.

Materials

In our procurement processes, we understand the critical need to carefully consider economic, social, and environmental factors with equal importance. Our primary focus is on choosing materials that align with our sustainability principles, and have a reduced environmental impact. Through prioritising these criteria, our goal is not only to fulfil our immediate requirements but also to make a positive contribution to the long-term well-being of our planet and communities.

Our procurement team recognises its responsibility in driving the shift towards a sustainable future and is committed to sourcing and integrating eco-friendly resources. The team conducts extensive research and due diligence to verify that the materials we procure are produced in manners that mitigate environmental impact, preserve natural resources, and diminish waste.

In 2023, the organisation utilised a total of 81,500 metric tonnes (MT) of raw materials, marking a 5.84% increase compared to 2022. Additionally, 1,300 MT of paper (8.33% increase), 1,300 MT of plastic (8.33% increase), 3,200 MT of metal (6.67% increase), and 1,100 MT of wood (10% increase) were used. In other words, the organisation incorporated recycled materials, amounting to 7.8% of its primary products and services during the manufacturing process.

[Bar Chart]

Indicator	2021	2022	2023
Raw Materials	80800	77000	81500
Paper	1250	1200	1300
Plastic	1250	1200	1300
Metal	3100	3000	3200
Wood	1050	1000	1100

The predominant materials within our inventory include metal, carton, wood, and paper, collectively representing 81.2% of the total. This signifies that 46.4% of our packaging materials are recyclable, with an additional 34.8% being both recyclable and biodegradable.

Given that plastic comprises 18.8% of our packaging materials, we introduced our first biodegradable alternative to plastic packaging to the market in 2022. Subsequently, in 2023 we implemented this option across all our products.

[Infographic]

Partially Recyclable (MT)	Plastic	1300
Recyclable and biodegradable (MT)	Paper	1300
	Wood	1100
Recyclable (MT)	Metal	3200
Total (MT)		6900

Production intensity

We place significant emphasis on our efficiency measures, which guarantee an optimal production intensity ratio. In 2023, we achieved an intensity ratio of 1.069, signifying our high efficiency in resource utilisation.

[Table]

Total raw materials used for production (MT)	88,400
Total packaging materials used for	6,900

production (MT)	
Production intensity	1.069

Sustainable Packaging Initiatives

In response to the growing demand for environmentally friendly packaging solutions, United Foods is actively pursuing sustainable packaging standards, particularly focusing on European standards and guidelines. Our aim is to transition our product range to sustainable packaging materials that minimise environmental impact while maintaining product integrity. Currently, our packaging primarily utilises Polyethylene Terephthalate (PET), High-Density Polyethylene (HDPE), and other materials. We are exploring alternatives such as biodegradable options, reusable/recyclable materials, aluminium tins, and paper cardboard. Our commitment to innovation extends to ensuring compliance with regulations governing recyclability claims for these materials, ensuring transparency and trust in our packaging practices.

7.4. Water and Wastewater Management

At United Foods, we understand the significance of responsible water usage, particularly as the majority of our operations are situated in areas with limited water resources. We are committed to integrating top-notch practices in water management and decreasing our overall water consumption in an environmentally conscious manner. Our goal is to harmonise responsible water stewardship with the preservation of our products' quality and safety, ultimately securing water resources for the future.

Our strategy for water conservation revolves around two key principles:

[List with icons]

1. Deploying advanced technologies for efficient water usage
2. Continuously improving our capabilities through ongoing training and development initiatives.

[Pie Chart - Water Management]

Description	Unit	2021	2022	2023
Total water consumption	Litres	31,757,611	39,149,163	71,015,926
Total water discharge	Litres	31,938,506	31,266,546	29,371,190
Total water reclaimed	Litres	0	0	920,000

Wastewater Management

In 2023, we introduced cutting-edge in-house water recycling technology as part of our ongoing efforts to reduce our water footprint and promote circularity within our operations.

Total water consumption for the year amounted to 71,015,926 litres, marking an 81.4% increase compared to 2022. Concurrently, there was a discharge of 29,371,190 litres of water using drip irrigation, indicating a 6.06% decrease from the previous year. Remarkably, we repurposed and recycled 920,000 litres of water for the first time, employing it as cooling tower water.

[Highlight Story - text box]

Effluent Treatment Plant and Water Flow Metres

To enhance our wastewater treatment efforts, we have implemented an Effluent Treatment Plant (ETP) designed to meet municipal standards for effluent water quality. A key component of our ETP infrastructure is a Reverse Osmosis (RO) plant, which was recommissioned in 2023 to recycle and repurpose treated wastewater for refinery operations.

Our comprehensive water management strategies include the utilisation of water flow metres to monitor usage, treating all discharged water in the ETP to meet municipal standards, and further treating a portion of effluent water through the RO system. This treated water is then reused for refinery operations and plant irrigation.

We analyse data collected from water flow metres on a daily basis to drive continuous improvements in factory procedures, with a focus on mitigating water impacts, particularly regarding effluent water. By treating effluent water through the RO system, we have significantly reduced discharges into the sewage system while simultaneously supporting sustainable water management practices.

Our primary objective is to minimise effluent water discharge into sewage systems by continually exploring methods to conserve water consumption across all operational areas. Compliance with municipal effluent water parameters is ensured through treatment in the ETP, which effectively eliminates contaminants and pollutants before release into the sewage system.

[Highlights]

1. In the year 2023, an estimated 920,000 litres of water were recovered through the Reverse Osmosis (RO) system. This reclaimed water was then repurposed for cooling tower operations, underscoring our dedication to efficient water management and sustainable resource utilisation.

7.5. Waste Management

In the pursuit of sustainable practices and environmental responsibility, in 2023 our company embarked on a comprehensive waste management initiative. Through meticulous monitoring and strategic measures, we carefully categorised and managed various waste streams, aiming to minimise our ecological footprint while adhering to regulatory standards.

Our waste breakdown revealed distinct categories, each requiring tailored approaches for responsible disposal and, wherever possible, recycling or repurposing. Plastic wrapping sheets constituted the largest share, comprising 43% of the total waste produced, equating to 77.56 tonnes. Concurrently, carton scrap accounted for 28% (50.20 tonnes), followed by a blend of decans, tins, and damaged items at 19% (34.30 tonnes). An additional 10% of waste (17.36 tonnes) underwent disposal procedures, resulting in a total of 179.42 tonnes.

Significantly, our endeavours yielded tangible results with a noticeable decline in waste generation. In comparison to 2022, there was a commendable reduction of 12.5%, showcasing our dedication to ongoing enhancement in waste management methods. Furthermore, the reduction was even more remarkable when contrasted with 2021 levels, with a notable decrease of 36.36%.

Integral to our waste management strategy was our collaboration with the Dubai Municipality (DM), ensuring that all waste disposal procedures were compliant with local regulations and standards. Notably, the disposal of ETP sludge to the Dubai Municipality not only underscored our commitment to responsible waste management practices but also further cemented our partnership with regulatory bodies to uphold environmental stewardship.

Circularity at United Foods

This year, we concentrated not only on minimising our waste footprint at our facilities but also undertook numerous initiatives to recycle, upcycle, and repurpose waste. These efforts include initiatives aimed at reducing food waste and repurposing plastic bottles into staff uniforms.

Combating food waste and loss

Recognising that organic waste forms the bulk of our waste, we are actively striving to reduce it. In 2023, we achieved a state of 'near-zero' food loss in our production process for the third consecutive year, showcasing world-class efficiency success as we set the standard for production excellence.

Future Plans

Drawing from our past experiences, our aim for the upcoming year is to reduce food waste to less than 20 tonnes annually. Additionally, we remain committed to advancing sustainability solutions for packaging waste.

We will continue to consistently evaluate our operations to identify opportunities for cost savings, deepen our understanding of our waste footprint, and set ambitious long-term objectives that will propel us towards a waste-free future.

8. GRI/DFM Index

CATEGORY	METRIC	INDICATOR	CORRESPONDING GRI STANDARDS	CORRESPONDING SDGS	PAGE NUMBER
ENVIRONMENTAL	E1. GHG Emissions	E1.1) Total amount of Scope 1 emissions	GRI: 1-305	SDG 13	48-49
		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	53-54
		E6.2) Total amount of water discharged	GRI: 4-303		
		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			55
	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	
		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	
		E8.2) Does your company follow specific waste, water, energy, and/or recycling polices?	GRI: 24-2		
		E8.3) Does your company adopt a recognized environment and energy management systems such as ISO14001 and ISO50001?			
		E8.4) Does you company have targets in place with regards to environment, energy, water and waste?			
		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	
		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 biodiverstiy 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 median full-time employee (FTE) total compensation	GRI 2: 21	SDG 10	39
		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	37-40
		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		
		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	43-45

		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 philanthropy, donations and sponsorships		SDG 8	45
		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	20-23

		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		N/A
	G4. Supply Chain Management	G4.1) Are your vendors or suppliers required to follow a Code of Conduct?		SDG 12	26-27
		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	24-25
		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		25-26

		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?			
		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		YES
	G9. External Assurance	G9.1) Are your sustainability disclosures assured or validated by a third party?	GRI 2: 5		

United Food Company PJSC

Registration number in Securities and Commodities Authority: 105

Registration number in Dubai Financial Market: 45

Annual Corporate Governance Report

For the year ended December 31, 2023

In compliance with the ministerial decision and the chairman of the Authority's board of directors' decision No. (02 / R.M) for the year 2024, amended decision No. (03 / R.M) for 2020 regarding adopting the Public Joint Stock Companies Corporate Governance Guide regarding corporate governance practices.

Overview of United Foods Company (UFC)

UFC's Future Vision and Mission

First: Company Governance Practices

Disclosure and Communication Strategy

Second: Transactions of the Board of Directors in Securities

Third: Formation of Board of Directors and Expertise and Qualifications of Board Members

Fourth: External Auditor

Fifth: Audit Committee

Sixth: Nomination and Remuneration Committee

Seventh: Supervisory Committee for Persons Seeking Transactions

Eighth: Internal Control System

Ninth: Details of Violations Committed in 2023

Tenth: Sustainable Development and Corporate Social Responsibility Undertaken by the Company in 2023

Eleventh: General Information

Disclosure and Communication Policy with Shareholders.

United Foods Company (UFC) is a public joint stock company that was established on November 1, 1976, under a decree issued by the ruler of Dubai. The company's status was amended on June 27, 1994, to become a public joint stock company in compliance with the Federal Law of the United Arab Emirates No. 8 of 1984 (and its amendments annulled by Law No. 32 of 2021). The company listed its shares on the Dubai Financial Market in July 2006. Its main activities involve the manufacturing, producing, and marketing of vegetable oils, cooking oils, vegetable butter, butter products, animal fat, and fats manufacturing.

The company's vision is to be a leading industrial and commercial company in the field of high-quality food products by expanding into new markets and increasing its presence in the local and international markets through innovation, development, and continuous communication with customers. UFC is committed to producing high-quality vegetable oils and products to achieve full customer satisfaction at reasonable prices. The company continually seeks to improve its quality management system by providing continuous training to its employees, intensive development of its operations, and improving the efficiency of its machines and equipment. UFC considers its employees, customers, and suppliers as partners in the progress achieved by the company.

UFC has certifications in HACCP number DBA/4496/13 for food safety and quality, ISO 22000:2005, as well as Halal certification number H-01016/GHC issued by the Gulf Halal Center on June 6, 2015, which demonstrates the company's commitment to quality, health, safety, environmental preservation, and adherence to Islamic dietary laws. UFC's address is P.O. Box 5836, Dubai, United Arab Emirates, and its telephone number is +971-4-5063802, and its fax number is +971-4-1987 4338. The company's website is www.unitedfoods.ae.

First: A statement on the measures taken to complete the corporate governance system of United Foods Company (PJSC) by the end of 2023, and the company's governance practices:

United Foods Company (PJSC), referred to hereafter as "the Company", as a listed company in the Dubai Financial Market, is committed to the highest standards of corporate discipline. Its values are derived from an integrated system of ethics, professional integrity, and best practices. Transparency, fairness, disclosure, and accountability are the foundation of the Company's operations and board of directors. In fact, the Company's commitment to good governance practices is a model to be emulated and may even precede laws and decisions issued by the Securities and Commodities Authority. Currently, United Foods Company follows the governance practices outlined in the Chairman of the Authority's Board of Directors' decision regarding the adoption of the Public Joint Stock Companies Governance Guide.

United Foods Company is committed to implementing best governance practices, realizing its responsibility to its shareholders by having an effective management capable of providing shareholders with what they need in the short and long term in a framework of supervision and transparency. The Company is committed to implementing all provisions of the Securities and Commodities Authority's decision No.2 for 2024 regarding governance controls and institutional discipline standards and their amendments. This report illustrates how the executive management and board of directors apply governance controls and comply with the continuous implementation of these controls in the coming years.

Disclosure and Communication Strategy:

The Company follows a clear policy for conveying information related to its activities and business operations to all its shareholders and relevant parties and adopts a communicative disclosure policy that aligns with the disclosure requirements and governance controls, and institutional discipline standards, as per the Chairman of the Authority's Board of Directors' decision No. 3 for 2000 on the disclosure system. The Company holds an annual general meeting attended by the chairman and members of the board of directors, representatives of official authorities and auditors, executive management, and shareholders. The Company's Investor Relations department works to establish a constructive relationship with shareholders and stakeholders, including timely disclosure of material information, with the objective of providing a clear and accurate picture of the Company's financial and operational performance.

<u>Second:</u> Statement of ownership and transactions of members of the Board of Directors, their spouses, and their children in the company's stocks during the year 2023, according to the following table and the certificates provided by the broker and the updated shareholder register of the company:

1 Ali Hameed Ali Abdullah Al-owais	Chairman of the Board of Directors	829 share
2 Mohammed Salem Rashid Abdullah Al-owais	Vice Chairman of the Board of Directors	50 share
3 Mohammed Abdulaziz Ali Abdullah Al-owais	Executive Vice chairman	518,852 share
4 Ahmed Abdullah Sultan Abdullah Al-owais	Board Member	- - - -
5 Alya Hussain Alzaraoni	Board Member	- - - -
6 Abdullah Sultan Imran Salem Al-owais	Board Member	- - - -
7 Abdullah Mohammed Rashid Al Hareez	Board Member	- - - -
8 Hashem Salem Hashem Salem Al-Dash	Board Member	- - - -
9 Ahmed Ali Ahmed Salem Al-owais	Board Member	- - - -

<u>Company's Conflict of Interest Policy and Disclosure:</u>

United Foods continued to publish all informative information related to its conditions and activities, ensuring the safety of transactions and reassurance of investors when requested to do so. The company has adopted a policy of disclosure and communication with shareholders, with each member of the board disclosing their ownership of the company's shares and positions held to the Securities and Commodities Authority at the beginning of each calendar year. The board also ensured that the financial market and official bodies are informed of any information that may affect the prices of those securities when it is available to shareholders.

The members of the company's board of directors and executive management have dedicated their efforts to providing communication channels that allow shareholders to communicate with them not only through general assemblies but also through the company's open-door policy. The company receives its shareholders and responds to their inquiries at any time throughout the year, in addition to the board of directors and employees' commitment during their duties to disclose any related interests and transactions, and to have full knowledge and accurate understanding of all applicable laws, rules, and regulations so that they can comply with them in all circumstances.

Any transactions, benefits, cash or non-cash advantages, and any compensation paid by the company should be in line with the Conflict-of-Interest Policy. Therefore, employees must carry out their duties by applying the principles of integrity, honesty, and adherence to professional standards.

Investments by board members and employees:

Board members and employees have the right to invest in the company's shares under specified special conditions, where they must notify the company's secretary of their investment in the company's shares and obtain the necessary approvals from the company's secretary and the Securities and Commodities Authority, according to the regulations and procedures adopted in trading at the Dubai Financial Market.

Advantages and Grants: Employees are not entitled to receive any advantages or grants from other parties in addition to those provided by the company in order to prevent any impact on the independence and objectivity of the employees.

Members of the board of directors should immediately inform the company secretary if there are any personal financial interests related to the company's affairs. In this context, any personal financial interest is represented by any financial transaction with any party related to the company that exceeds AED 1.5 million or 5% of the company's capital, whichever is less.

Members of the Board of Directors should refrain from attending board meetings where any personal interest related to them is discussed unless the other members of the Board of Directors vote otherwise.

If any of the major shareholders or members of the Board of directors have a conflict of interest in any matter that may affect the value and size of the investment in the company's shares, the board of directors must hold a meeting and issue a decision on it in the presence of all its members except for the relevant shareholders/members of the board of directors.

In exceptional cases, such matters can be settled through a special committee formed for this purpose if it exists.

Compliance with the Conflict-of-Interest Policy in:2023

The Board of Directors hereby declares that each member of the Board has complied with disclosure requirements in accordance with laws and regulations issued by the Ministry of Economy, Securities and Commodities Authority, and Dubai Financial Market. There is no indication of any non-compliance by any member of the Board.

Thirdly, the formation of the Board of Directors, designations of members, experience, qualifications for independent executive membership, and duration.

1 **Mr. Ali Hameed Al Owais Member**

(Chairman) Bachelor's degree in Electronic Commerce & Bachelor's degree in Business Administration +14 years of financial, accounting, and company management experience 17+ membership, non-independent. board member of DRC co and ENBD bank.

2 **Mr. Mohammed Saleh Rashid Al Owais Member**

(Vice Chairman) Diploma in Islamic Banking +13 years of experience in company management and restructuring 13+ membership, non-dependent.

3 **Mr. Mohammed Abdulaziz Al Owais Member** (Executive Vice Chairman) Bachelor's degree in Telecommunications Engineering, Accredited Financial Analyst +14 years of financial and administrative experience, 12+ membership, non-independent.

4 **Mr. Abdullah Mohammed Rashid Al Harizi,** Board Member, Bachelor's degree in accounting, specialized in business and company management with 17+ years of experience, independent, 4+ membership. Board member of Dubai Insurance Company.

5 **Mr. Ahmed Abdullah Sultan Abdullah Al Owais** Member High Diploma in Financial Services, master’s degree in business administration in General Management, +10 years of accounting and business development experience, independent, 9+ membership.

6 **Mr. Abdullah Sultan Imran Salem Al Owais** has a Bachelor's degree in Mechanical Engineering, Master's degree in Engineering Systems Management from the American University with 4+ years of experience, independent 1-membership.

7 **Ms. Alya Hussain Alzaraoni,** Member, MBA MBA +17 Experience in corporate and business in business and commercial company management, independent, membership 1+.

8 **Mr. Ahmed Ali Ahmed Salem Al Owais,** Member, Bachelor's degree in Computer Network and Information Science +7 years of experience in business and commercial company management, independent, membership 2+.

الأغذية المتحدة
United Foods

9 **Dr. Hashem Salem Al Dash,**

Member, bachelor's degree in engineering, master's degree in public and financial administration, Ph.D. in Financial Constraints Prediction in Companies, 11+ years of experience in management, company establishment, and finance. Independent, membership 2+. Board member of Unikai PJSC.

C - **Method for determining the compensation of Board of Directors members:**

In accordance with the provisions of the Companies Law, the compensation of Board of Directors members consists of a percentage of the net profit as stipulated in the company's bylaws. Additionally, the company may pay additional expenses, fees, or monthly salaries as determined by the Board of Directors to any member who serves on a committee, makes special efforts, or performs additional work beyond their regular duties as a member of the company's Board of Directors. In all cases, the compensation of Board of Directors members must not exceed 10% of the net profit after deducting depreciation and reserves.

- ✓ At the Annual General Meeting held on March 27, 2023, it was approved to grant the Board of Directors members a remuneration of AED 1,592,100 in return for the net profit achieved for the year 2022, which was distributed on April 13, 2023.
- ✓ In addition, the proposed remuneration for the year 2023 is AED 2,914,110, which will be presented to the shareholders for approval at the upcoming Annual General Meeting.

Furthermore, no allowances were granted to the members for attending Board of Directors meetings. The details of attendance and allowances for the committees emanating from the Board of Directors, which were received by the elected Board of Directors members for the fiscal year 2022, are attached below according to the following table.

- ❖ The total setting fees for the members of the Audit, Nomination, and Remuneration Committee and the Investment Committee during the year 2023 amounted to AED 125,000 for the meetings held in 2023 + 15000 for 2022 was paid in 2023.

H- **Tasks and responsibilities delegated by the Board of Directors to the executive management:**

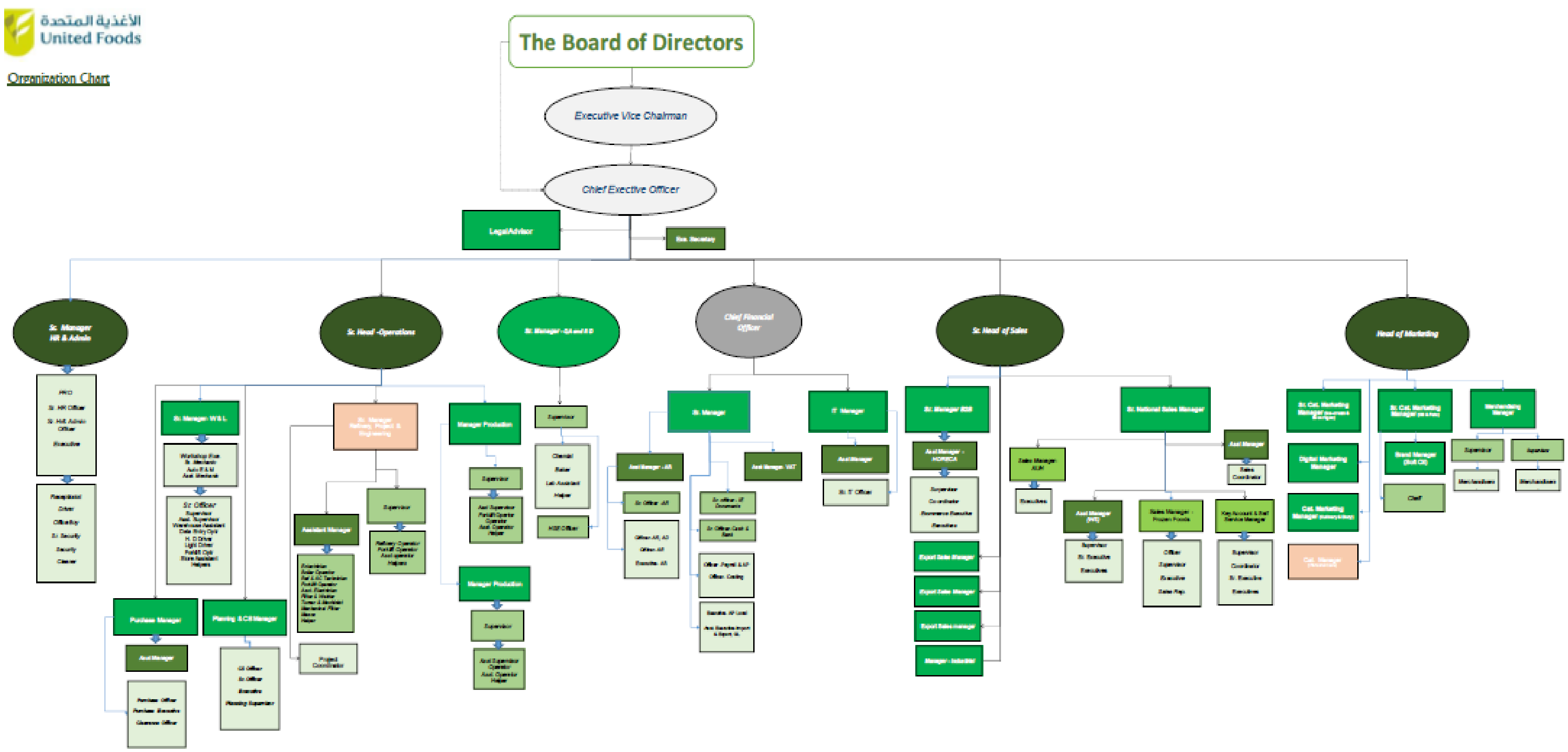
During the year 2023, there were no exceptional tasks delegated by the Board of Directors to the executive management of the company or any of its members.

W- **Related Party Transactions:**

As part of its ordinary business activities, the company executes commercial transactions with other companies that fall within the scope of the definition of related parties as outlined in International Accounting Standard No. 24. These transactions with related parties are executed at prices agreed upon between the parties involved and according to the fair market value prevailing in the markets. Below are the details of significant transactions that were executed with related parties during the year 2023 and are expected to increase by 10% in 2024:

Sales to related parties AED, Modern Bakery LLC 1,827,315 Supplies and sales according to prevailing local market prices.

G - **Details of the management and organizational structure of the company: -**



Designation	Date of appointment	Proposed bonus for 2023 subject to approval	Approved bonuses received in March 2023 For 2022	Total salaries and allowances paid for 2023
EVC	2012/03/01	---	---	1,440,000
CEO	2012/04/15	580,000	348,680.00	1,867,504
CFO & IT Head	2022/11/21	117,000	---	783,854
Head of Supply Chain and Operation	2017/08/01	43,200	41,857	580,149
Production Manager	2021/03/10	14,998	11,293	246,730
Sales Manager	2020/09/01	45,000	42,473	607,425
Head of Sales	2017/06/01	41,512	43,065	559,545
Senior Sales and Marketing Frozen	2015/06/07	24,167	---	398,220
Finance Manager	2014/06/26	21,532	16,208	355,830
Senior human resources manager	2015/12/01	26,392	19,691	432,775

Fourth: **External Auditor:**

A- **Overview of Ernst & Young External Audit Company:**

Ernst & Young is one of the largest professional firms in the world and a leading company in insurance, transactions, taxes, and consulting services. It is one of the Big Four companies, along with PricewaterhouseCoopers, Deloitte Touche Tohmatsu, and KPMG.

Ernst & Young is a global organization consisting of a group of member firms, with its global headquarters in London, UK. Ernst & Young employs more than 160,000 people spread across over 140 countries.

Ernst & Young has offices in Abu Dhabi and Dubai, with its Dubai office comprising 565 experienced and qualified professionals and 12 resident partners. Their client base includes multinational companies, government organizations, major private commercial companies, real estate companies, telecommunications, financial services, and others.

The name of the audit firm:	Ernst & Young
Number of years spent as an external auditor of the company:	3
Total audit fees for the financial statements for the year 2023:	(AED) 257,250
The name of the partner auditor for the year 2023:	Ashraf Abu Sharkh

Fees and costs of other special services other than auditing the financial statements for 2023 and any other fees mentioned explicitly.
None

Details and nature of the other provided services (if any), and this is expressly mentioned in the absence of other services.

A statement of other services provided by an external auditor other than the company's auditor during 2023.

MBG consultancies 90,250

The Fees of the External Auditors for the Year 2023:

During the General Assembly meeting of the company on 27/03/2023, the General Assembly approved the appointment of Ernst & Young to perform the external auditing of the company and set their fees at AED 257,250 for the year 2023. Ernst & Young has served as an external auditor for the company for three years since their appointment in 2021.

<u>The tasks performed by the external auditors include:</u>

Expressing an opinion on the financial statements based on the audit work carried out in accordance with international auditing standards.

Obtaining reasonable assurance that the financial statements are free from material misstatement.

Evaluating the adequacy of the accounting policies adopted and the reasonableness of the accounting estimates made.

Obtaining sufficient audit evidence to support their opinion on the audit review.

<u>No reservations were included by the company's auditors in the financial statements for the year 2023.</u>

<u>Other details and services provided by the external auditors</u> (No other services were provided):

- MBG Consultancies, a member of the MBG Consultancies Group, one of the largest accounting and internal auditing networks in the world with offices in several countries, including its subsidiaries, was appointed as an internal auditor and received an annual professional fee of AED 90,250 during the year 2023.

<u>In the periodic report review by the board of directors, no material reservations were found during the year 2023.</u>

<u>Fifth: Audit Committee</u>

A- The Audit Committee is composed of the following members:

1 Mr. Abdullah Muhammad Huraiz Chairman

2 Mr. Alya Hussain El Zaraoni Member

3 Mr. Ahmed Abdullah Sultan Al Owais Member

B- **Audit Committee meetings:**

Four meetings of the Audit Committee were held from January 1, 2023, to December 31, 2023 on the following dates: -

members	2023/11/09	2023/08/03	2023/05/03	2023/02/09
Abdullah Rashid Al Hareez	√	√	√	√
Alya Hussain Alzaraoni	√	√	×	×
Ahmed Abdullah Al-owais	√	√	√	√

Audit Committee Tasks:

1. Adopting a policy for dealing with the external auditor and informing/recommending to the Board of Directors any issues that require action by the Board.
2. The Audit Committee meets with the external auditor after the completion of the audit to prepare for the annual general meeting, where the committee submits a report to the Board of Directors identifying any issues that require action (if any), along with recommendations.
3. Overseeing the independence of the external auditor and discussing with them the nature, scope, and effectiveness of the audit in accordance with accepted auditing standards.
4. The committee meets quarterly and annually to ensure the accuracy and review of financial data (as part of its usual work during the year and independently of the Board of Directors) before announcing it to the market. Based on this, the committee submits a report to the Board of Directors with recommendations (if any). In the event that the Audit Committee is unable to meet and review the financial data before it is announced to the financial market, the committee will review it later.
5. Coordinating with the Board of Directors, executive management, the CFO, and external auditors to meet at least once a year to discuss important and unusual issues that should be reported in financial statements and dealing with matters raised by the CFO, compliance officer, or external auditors.
6. Reviewing financial controls, internal audit, and risk management systems in the company, discussing internal audit systems with executive management, and ensuring their effectiveness.

7. Reviewing the results of major investigations into internal control issues commissioned by the Board of Directors, or initiated by the Committee with the approval of the Board.
8. Reviewing the company's financial and accounting policies and procedures, reviewing the external auditor's message, action plan, and any substantive questions they may ask management regarding accounting records, financial statements, or control systems, and responding to and obtaining management approval.

9. Develop a specific policy for confidential reports submitted by employees. The policy should relate to financial misconduct, internal control issues, and any other important issues for the company. In addition, ensure the implementation of proper procedures that allow for independent and fair reporting. This can be achieved through the following steps for developing a policy for confidential reports submitted by employees:

   A. Define confidential reports: The company should specify the scope of confidential reports and identify financial misconduct, internal control issues, and any other important issues for the company that can be reported.

   B. Clarify reporting procedures: The company should establish clear and proper procedures that allow employees to report any violations in a confidential, independent, and fair manner. This can be done by creating a simple form containing the necessary information for reporting, and providing secure and reliable means of communication.

   C. Protect the identity of reporters: The company should protect the identity of reporters and ensure that they will not be harmed or exposed due to reporting violations.

   D. Ensure confidentiality: The company should protect confidential reports and ensure that they are not accessed by any unauthorized person.

   E. Provide training and awareness: The company should provide training and awareness to employees regarding the policy and procedures, emphasize the importance of reporting violations, and ensure their awareness of their legal and ethical obligations.

<u>Sixthly: Nominations and Remuneration Committee:</u>

The Nominations and Remuneration Committee is formed as a committee under the Board of Directors of the company. The Board of Directors may amend the committee charter at any time to assist the Board of Directors in fulfilling its supervisory responsibilities regarding the independence of Board members and the control and safety of human resources operations in United Foods Company. The committee members are elected by the Board of Directors to serve for a period of three years until their successors are elected and qualified or until their resignation or removal. The appointment of committee members must be voted on during the first meeting of the newly convened Board of Directors. Members may be re-elected for an unlimited number of subsequent terms.

A. Names of Nominations and Remuneration Committee Members and designations:

The Committee is comprised of the following gentlemen:

1 Dr. Hashim Salem Hashem Salem Al Dash	Chairman
2 Mr. Abdullah Omran Salem Al Owais	Member
3 Mr. Ahmed Ali Ahmed Al Owais	Member

Meetings of the Nominations and Remunerations Committee:

Two meetings of the Nominations and Remunerations Committee were held during the year from January 1, 2023, AD to December 31, 2023 AD, as follows:

members	2023/12/21	2023/03/22
Hashem Salem Al-Dash	√	√
Abdullah Sultan Al-owais	√	√
Ahmed Ali Al-owais	√	√

Nomination and Remunirations Committee Tasks:

The committee is responsible for the following tasks in accordance with the institutional discipline criteria and the regulations of the governance of public shareholding companies:

A. Identifying the company's needs for essential competencies at the executive management and employee levels, and determining the policies for recruitment, deduction, and termination of service for senior management employees.
B. Monitoring and evaluating the components of human resources and training plans.
C. Ensuring that independent members maintain their independence at all times.
D. Developing policies for rewards, incentives, benefits, and salaries granted to senior executive management and reviewing them.
E. Verifying that the rewards and benefits granted to senior executive management of the company are reasonable and commensurate with the company's performance.
F. Organizing and monitoring the procedures for nominating membership of the board of directors.
G. Making decisions in accordance with the duties and responsibilities specified in this charter.
H. Obtaining all necessary information through the human resources manager and/or the board secretary.
I. Obtaining external legal or professional consultations and ensuring the attendance of any person considered to have the necessary expertise, knowledge, or awareness.

Seventhly: Monitoring and Supervising Committee for Insiders' Transactions and Registry: -

Under the decision of the Board of Directors, reference number UFC/BMM/04/27/08/2017, held on August 27, 2017, the approval was granted to create a register of insiders at the United Food Company and to form a committee to monitor and supervise their transactions, headed by the company's legal consultant, and including Mr. Alaa Amawi, Senior Human resource manager at the company, and Mr. Asker Ali. The committee's responsibilities include:

1. Developing written rules regarding the dealings of the company's board of directors and employees in securities issued by the company, the parent company, its subsidiaries, or its affiliates.
2. Preparing a special and integrated register of all informed persons, including those who can be considered informed persons temporarily and those who are entitled to or have access to confidential information.

Summary of the Committee's Business Report during the year 2023:

1. The Committee held internal sessions with its board of directors and employees to clarify its role and responsibilities.
2. The Committee monitored the trading process of securities issued by the company.
3. The Committee reviewed the updated records of shareholders to ensure that its board of directors and employees comply with its rules.
4. The Committee disclosed directly to the Dubai Financial Market a list of the names of those who have access and the investor number of each registered individual and updated it.

Internal Control System

A- **Board of Directors' approval**: As per this report, the Board of Directors acknowledges its responsibility for the company's internal control system by applying the mandatory governance controls and institutional discipline standards.

B- **Internal Control Committee**: The internal control system has been adopted in accordance with the requirements of the Securities and Commodities Authority Resolution No. 3 of 2020 regarding the adoption of the guide to the governance of public joint-stock companies. The executive management plays a crucial and effective role in implementing the internal control system.

The internal control management depends on evaluating the risks for the company's operations and clients and coordinating the internal audit work plan in its annual plan.

The internal control management and the internal auditor, on behalf of the Board of Directors, regularly monitor the company's internal control environment. The committee follows up on the internal auditors' recommendations and notes to review the proposed reports and recommendations and the management's comments on them.

The committee and its representatives meet with the internal auditors to review the audit results and address the Board of Directors, if necessary.

C- Currently, Mr. Mohamed Shawky was appointed as the legal advisor and Compliance Officer on April 14th, 2013. He has a degree in general law, and he serves as the head of this management. He was appointed on April 13th, 2013, and worked as a legal advisor and compliance officer for several global companies in the UAE. Ms. Safna also worked as a secretary.

Procedures taken concerning investor relations controls include the following:

Compliance Officer's Information

Mr. Mohamed Mohamed Shawky was appointed as the Compliance Officer and Investor Relations Manager on April 14th, 2013. He has a degree in law and works as a legal researcher and consultant for many companies and institutions with 17 years' experience in UAE and GCC applicable laws.

A direct communication channels with email and a specific section have been designated for investors on the company:

a. All disclosed financial data for the company on relevant websites.

b. The availability of governance policies and procedures.

c. Channels of direct communication with the company and its representatives to meet all inquiries of investors and shareholders as follows: -

Responsible: Mohamed Mohamed Shawky

Office: +971 (4) 3382688

Fax: +971 (4) 3381987

Direct: +971 (4)5063805

investor.relations@unitedfoods.ae

The objectives of internal control management are as follows:

- To submit reports to the company's management and audit committee (wherever required)
- To respond to all auditors' inquiries and consider their recommendations, ensuring their implementation if applicable.
- To inform the company's management of any violations of regulations that may affect the company or any violations of securities and commodities laws and regulations.

Risk management, compliance, and internal audit:

A. To report on the objectives and key principles of the risk management system within the company
B. To assign responsibilities to all employees regarding the management of risks related to their work scope.
C. To ensure the effectiveness of the established systems in accordance with policies, procedures, laws, and regulations that may have a significant impact on the company's operations, as well as to determine the extent of the company's compliance with the applicable laws and regulations.
D. To develop a compliance plan for conducting periodic reviews of compliance with applicable laws and regulations
E. To ensure the company's compliance with the laws and regulations issued by the Securities and Commodities Authority and the Dubai Financial Market
F. To ensure the company's compliance with anti-money laundering procedures and the application of Central Bank laws (where appropriate)
G. To review correspondence between the company and the Dubai Financial Market, Securities and Commodities Authority, and the Central Bank.
H. The committee presented its detailed internal report in coordination with the internal auditor during the year 2022 to the board of directors.

❖ **Violations committed in 2023:**

During the past year, the company did not receive any penalties or restrictions imposed by the Securities and Commodities Authority or any other regulatory body regarding any matter related to capital markets or other markets. In addition, the company has complied with all applicable laws, regulations, and amendments.

Tenth: The social responsibility:

Contributions and sponsorships made by the company in 2023: We at United Food Company believe that our journey towards sustainable growth goes hand in hand with our responsibility towards developing our community and contributing to the progress and development of the country's economy. Therefore, United Food Company was honored to participate in:

Sustainable development: United Food Company has crowned its efforts in the field of sustainability by building a 2-megawatt solar energy generating station in collaboration with Yellow Door Energy, a sustainable energy solutions developer based in the UAE, to implement a new and comprehensive solar energy project. A sophisticated solar power generation station was built on the roof of the company's factory in the Jebel Ali Industrial Area in Dubai, United Arab Emirates.

Social responsibility is achieved through cooperation with the Al-Ihsan Charitable Society in 2023. The society is a charitable organization founded in 1990 under the name "Al-Ihsan Charity Center" in the Emirate of Ajman and was officially announced in its second phase in 1998 by a royal decree from His Highness Sheikh Humaid bin Rashid Al Nuaimi, a member of the Supreme Council and Ruler of Ajman. His Highness was keen on the values of goodness and benevolence based on social solidarity and preserving the family structure, which is why the Ministry of Community Development issued Ministerial Resolution No. (44) of 2012 regarding the establishment of the "Al-Ihsan Charitable Society" as a public benefit society, registered as No. (140) in the ministry's records.

The Al-Ihsan Charitable Society, through its vision of leading charitable work in the UAE, seeks to achieve the principle of social solidarity among segments and individuals of society. It has set specific goals, a comprehensive plan, and clear visions, based on providing assistance and support, including financial and food aid, to all poor and needy families within the country. The society has also developed many services, expanded and updated its facilities and various departments, and trained its staff to meet the requirements of modern institutional work and activate its mechanisms in order to provide the best services, considering "benevolence" as a link between donors and those in need. The society has gained the trust of many supporters and sponsoring institutions for its charitable projects.

Official sponsors and financiers of the campaign to prepare and deliver an Iftar meal during the month of Ramadan to the workers' residences in Dubai.

Sponsors of the solidarity campaign with Aseel to combat cyberbullying.

Sponsors of Tamkeen campaign to encourage people of determination to highlight their talents and entrepreneurship.

Eleven: General information: the share price in the market (the highest price and the lowest price), the closing price, the general index, and the sector index at the end of each month during the fiscal year 2023 AD:

(According to the data and information announced on the Dubai Financial Market website and its updates)

The overall performance of the market: please refer to www.dfm.ae for more details.

During the fiscal year ended on December 31, 2023, the company did not face any major issues.

Board Meetings Coordinator:

Ms. Sandy Awad Abdullah was appointed as the Board Secretary. She holds a bachelor's degree in Engineering and was appointed on April 25, 2021.

The duties of the secretary of the Board Meetings are:

Prepare the meeting agenda in coordination with the concerned parties.

Share the meeting invitation and necessary reports with the members in sufficient time.

Attend the Board Meetings and prepare the minutes of the meetings.

Statement of the special decisions presented at the General Assembly held on March 27, 2023, and the procedures taken regarding them:

1. Approval of the preliminary estimates and dealings with related parties for the year 2023, as follows:

Modern Bakery LLC, one of United Foods Company's clients, had approximate monthly sales of AED 152,276 for oils and ghee. During the year 2023, the total sales and commercial dealings with the client were AED 1,827,315 according to prevailing prices and without any preferential conditions.

2. The entire disclosure and verification of these supplies were included in the company's financial statements for the period ended on December 31, 2023, disclosed to the Dubai Financial Market. They will be presented to the proposed shareholders at the General Assembly for approval.

F- The essential events that happened to the company during the year 2023:

• Distributing 20% cash dividends to shareholders for the fiscal year ending on December 31, 2022.

• There were no grave violations during the fiscal year ending on December 31, 2023, or any breaches of corporate governance controls and discipline standards.

 The percentage of Emiratization in the company by the end of 2021,2022 and 2023 is 5.07%.

 The innovative projects and initiatives undertaken by the company during the year 2023 are not available.