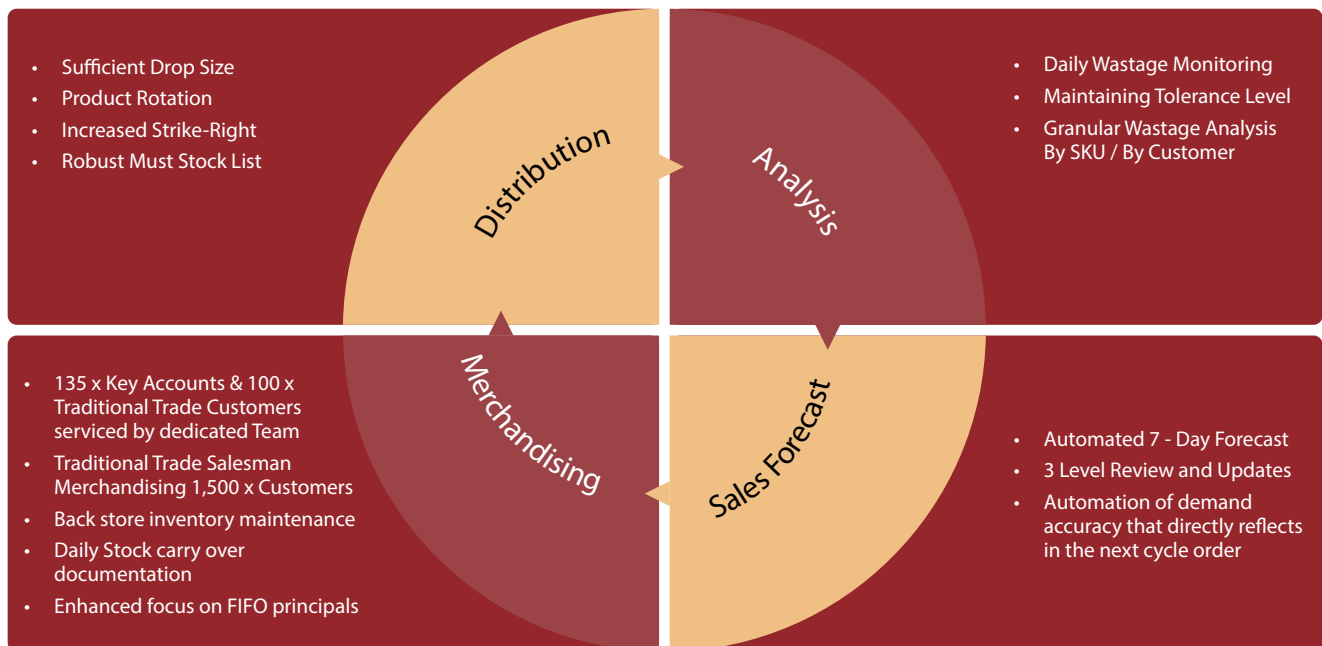


Operating Review

Sales and Distribution

Our continued operational improvements and optimisations throughout 2023 delivered healthy growth in volumes and sales for the financial year, and represented a notable performance given the high base achieved during FIFA World Cup Qatar 2022.



Volumes rose 4% to 131 million litres and revenues grew 7% to QR 1,057 million, assisted by an additional 6% of retail space. Motivated by our goal of delivering value, every day, we worked hard to deliver sufficient product to meet growing consumer demand. Our continued proactive planning enabled us to optimise delivery capabilities, permitting us to distribute an additional 3 million litres of product without an increase in resources.

During the year, we entered new product categories, including evaporated milk, sterilised cream, and thick cream to provide our loyal consumers with locally produced alternatives to imported products at competitive price points. We also

added new Greek yoghurt variants, shredded Kashkaval cheese, and long-life juice in mango nectar and cocktail flavours to existing product categories. The new products introduced in 2023 were well received by the market and contributed to our top-line performance.

Daily allocation systems and demand planning processes introduced in 2022 were enhanced in the current year, improving our forecasting accuracy by 12% by category and by 5% by SKU. Added to this were continuous improvement initiatives, training, and the systems integration of our waste management process, which cut wastage to a historic low of 1.57% in 2023.

Promotional activity driving demand

Our sales and distribution activities were supported by comprehensive promotional activities throughout the year, which amounted to more than 2,200 leaflet days of events to promote our products at competitive prices. These campaigns were effective in driving household consumption and increasing revenue through our retail channel, which also benefits from an increase in the number of outlets added to our network and improvements in customer order fulfilment that enabled us to reach new levels of excellence.

We generated higher sales and market share in our other channels, namely modern trade, traditional trade, and HORECA. The increase in the number of locally made versus imported products played a role in lifting revenue, as did further increases in our basket size to existing customers. We also benefited from higher use of our HORECA e-commerce sales app, which allowed customers to order live, shop our full basket of products, and communicate in real time on various issues such as specific promotions, account credit status and new products.

Upskilling sales teams boosts productivity

Our improved performance across several key metrics – sales growth, productivity and customer satisfaction – was boosted by comprehensive sales training

conducted in 2023. It also transformed our salespeople into a more professional and skilled team that was more committed than ever to upholding and maintaining high standards of food safety and quality and meeting the highest standards in their roles.

Tackling our environmental impact

We made meaningful advances in managing our environmental impact in 2023 by implementing material cuts to the carbon emissions from our sales and distribution operations.

While both the number of delivery points and the volumes we distributed increased substantially, we met our daily delivery requirements without adding vehicles to the fleet. Similarly, our daily merchandising function serviced a larger number of outlets

using the same resources and number of vehicles as in the previous year.

We also launched a successful campaign and automated tracking system to reduce engine idling by our delivery trucks, which decreased CO₂ emissions by 28%, translating into a 300-ton reduction by the end of 2023. Furthermore, we cut our distribution journeys by a total of 100,000 km during the year, bringing the total reduction in the past 24 months to 250,000 km.

Another measure that had a substantial impact was the development and implementation of an automated system for crate management. The outcome was an 80% reduction in missing and lost plastic crates compared to 2022, and a reduction in our capital expenditure requirements and environmental footprint.

Looking ahead to 2024

In the coming year, continuous improvement in various aspects of our sales and distribution activities is expected to deliver meaningful gains for the Company.

On the sales side, we will defend our 38% share of shelf against new players entering the market. This will be supported by activities to accelerate our growth, including expanding our in-store presence and increasing the amount of fully branded outlets. A calendar of tactical leaflet activations and further investment in growing our retail e-commerce channel will play a defensive role.

In addition, we will add new touch points in-store to generate additional awareness and to display our stock of promotional SKUs in store.

We will increase the availability of our products in traditional trade, while in modern trade, we will roll out tactical activations to expand our footprint.

Our plans include promotions to expand the business we generate at Woqod Petroleum station outlets.

Our route efficiency will be further addressed in 2024 by looking at ways to improve truck capacity utilisation, among other measures.

Waste management will be a major focus in the coming year. The integration of a platform providing current data for ease of decision-making and analysis will contribute to our forecast accuracy and further reduce our waste component.

Elevating our global reach with Qatar Airways

Baladna soars with Qatar Airways

Formed in February 2019, Baladna's strategic partnership with Qatar Airways is a testament to the power of 2 of Qatar's national champions coming together and leveraging their respective strengths to serve customers, showcase Qatari innovation and propel growth.

For Baladna, this collaboration provides an unparalleled opportunity to take our brand to new heights with millions of consumers tasting Baladna products across Qatar Airways' vast destination network.

Tailored product innovation and reliable supply

The opportunity to become one of the primary suppliers of locally produced products to the Qatar Airways Group which also includes

Qatar Duty Free (QDF), and Qatar Aircraft Catering Company (QACC) presented an ideal avenue for growth. Entering this partnership, Baladna reinforced its role as a key pillar in Qatar's food security strategy.

However, to capitalise on this opportunity required meeting the complex and varied needs of different divisions within Qatar Airways, ranging from regular meal provisions to specialised products suitable for high-altitude conditions.

Baladna rose to the challenge by leveraging our R&D capabilities to create unique product solutions. These innovations were tailored to suit various applications within Qatar Airways' operations, while ensuring effective performance at altitudes of 50,000 feet. Our team's dedication safeguards consistent supply while

fulfilling any additional requests for products in emergency situations when other suppliers are unable to deliver.

Growing scale and global reach

The collaboration with Qatar Airways has been a resounding success, evidenced by a remarkable threefold increase in the last 3 years in our business, as a result of increasing basket size and associated benefits of the partnership's positive momentum.

With a shared commitment to innovation, reliability, and global reach, Baladna and Qatar Airways are committed to building on this thriving alliance to drive business growth while creating value for a wide array of stakeholders.



Baladna shop at Hamad International Airport - Doha