

Sustainable value creation through innovation



Annual
report
2021





In the Name of Allah Most Gracious Most Merciful.

His Highness
Sheikh Hamad bin Khalifa Al Thani
The Father Emir



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





Our Purpose

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

Who we are

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

What we do

Baladna is an integrated dairy and beverage company, with two large-scale farms, state-of-the-art production lines, processing and packaging facilities, and its own distribution network that delivers over 265 products to customers across Qatar and beyond every day.

Our vision, mission and principles



Our vision

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



Our mission

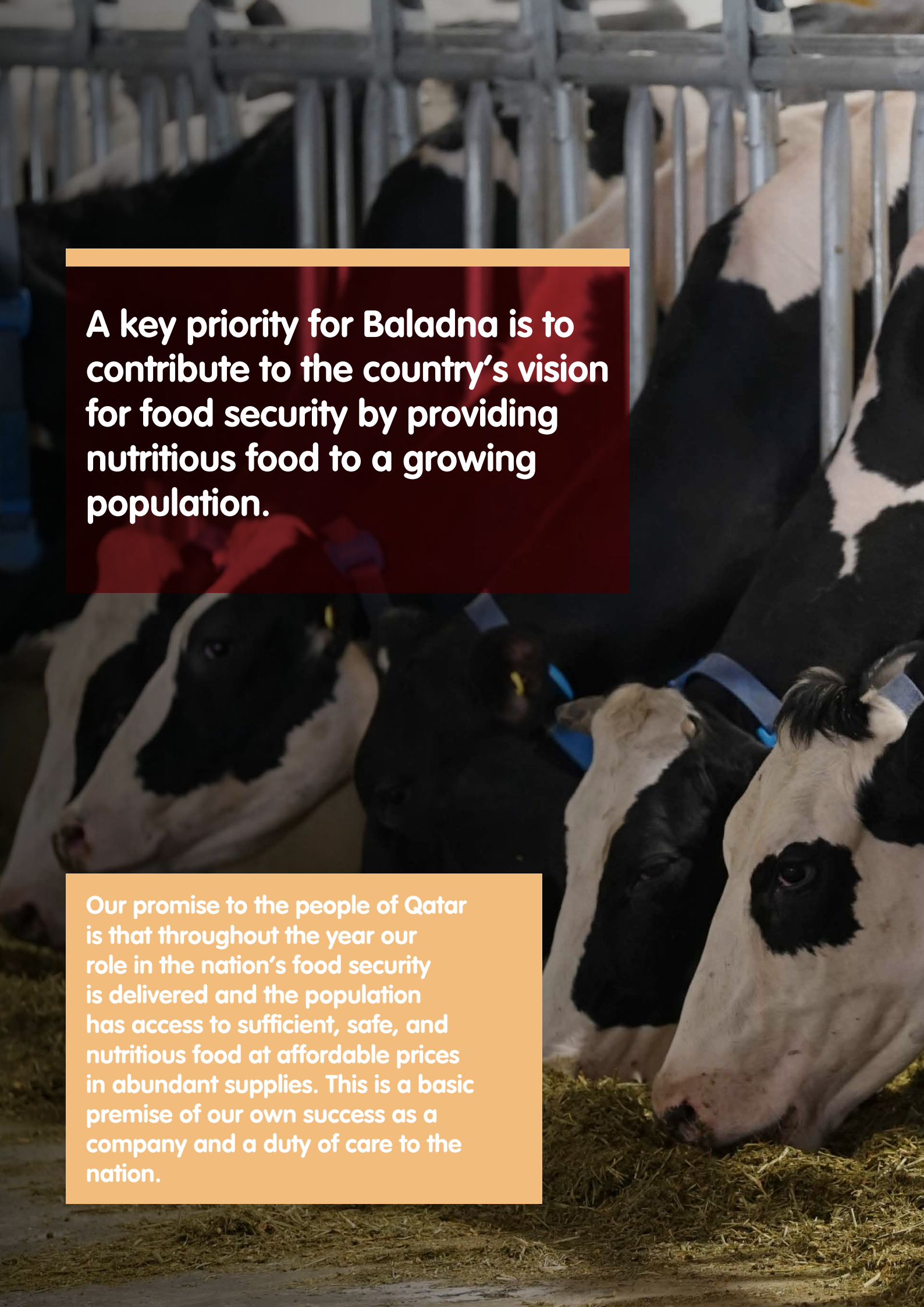
To ensure consumers' wellness by providing natural, nutritious and tasty foods and beverages, while maintaining the most rigorous food safety and biosecurity protocols.



Our Principles

At Baladna we strongly adhere to the following principles:

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



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

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



TABLE OF CONTENTS

OVERVIEW

Financial Highlights	10
Operating Highlights	11

STRATEGIC REVIEW

Chairman's Statement	14
Sustainable value creation through innovation	18
CEO's Review	20
CFO's Message	24
Our Investment Case	28
Business Model	30
Strategy	32
Operating Review	34
Risk Management	49
Our People	53
Sustainability	56

GOVERNANCE

Chairman's Foreword	66
Board of Directors	67
Corporate Governance Report	70
Directors' Report on Internal Controls Over Financial Reporting (ICOFR)	100
Independent Assurance Report on the Compliance with the QFMA's Law and relevant legislations including the Governance Code for Companies & Legal Entities Listed on the Main Market	102
Independent Assurance Report on the Suitability of the Design, Implementation and Operating Effectiveness of ICOFR	105

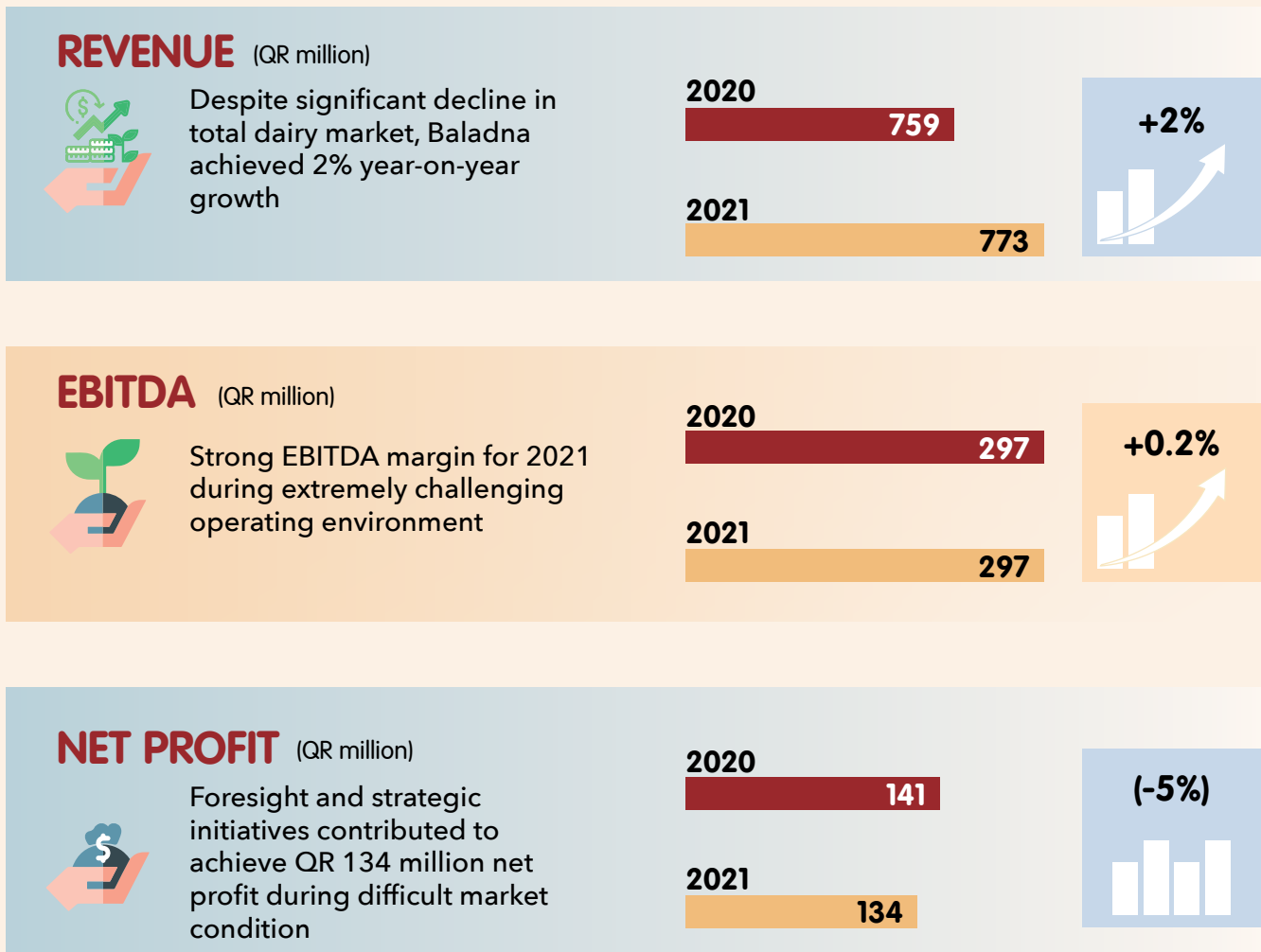
FINANCIAL STATEMENTS

Independent auditor's report	110
Consolidated Statement of Profit and Other Comprehensive Income	114
Consolidated Statement of Financial Position	115
Consolidated Statement of Changes in Shareholders' Equity	116
Consolidated Statement of Cash Flows	117
Notes to the Consolidated Financial Statements	118

OVERVIEW

Financial Highlights

Baladna built on a year of resilience and recovery to deliver a robust financial performance in 2021.



Year 2020 refers to 12 months period ended 31 December 2020

Operating Highlights

Total Herd



- Optimizing total Herd size for long term production and profitability potential

2020

22,250

2021

23,581

6%



Milk Yield per Cow per Day



- High yield of milk under adverse weather conditions

2020

36.7

2021

36.6

-0.3%



Total Number of SKUs[~]



- Focusing on introducing innovative and value-added products
- Offering single point of contact for greater range of goods

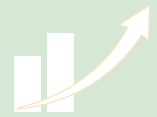
2020

235

2021

268

14%



No of Sales Routes



- More contact points across Qatar around the clock and everyday of the year

2020

121

2021

135

12%



STRATEGIC REVIEW

- Chairman's Statement
- CEO's Review
- CFO's Message
- Our Investment Case
- Business Model
- Strategy
- Operating Review
- Risk Management
- Our People
- Sustainability



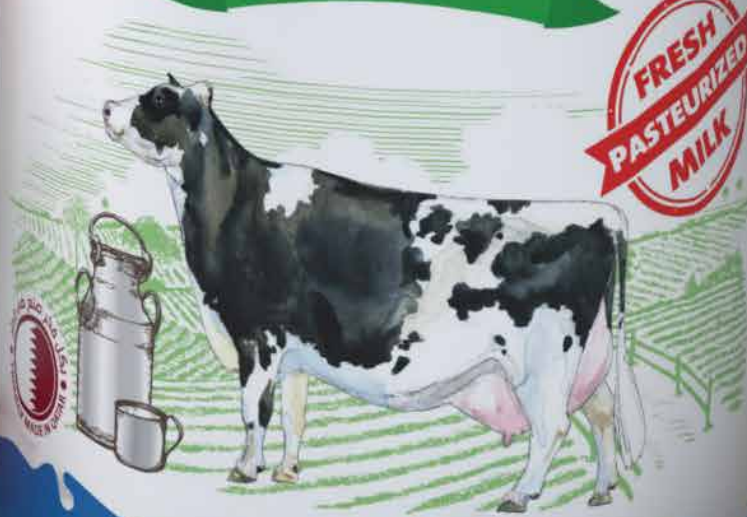


Made By Nature

100% Fresh

Milk

FULL FAT



Chairman's Statement



773

(QR) million Revenue

17.3%

net profit margin

in 2021

“ We have ensured that the service to our customers, clients and the people of Qatar has been flawless, the value to our shareholders and the vision for our future are reaching new heights.

Moutaz Al Khayyat
Chairman

In a year when so many businesses felt the full force of COVID-19's devastating effects, Baladna showed how the strength of our resolve and the depth of our conviction can steer us through the most testing of times. To not only survive but positively thrive in such circumstances is a testament to every colleague who kept us on course to meet our targets, expand our reach and diversify our products. The results we have delivered would be considered great progress in any year but to create the opportunities and realise their potential in 2021 has been a momentous achievement.

We have ensured that the service to our customers, clients and the people of Qatar has been flawless, the value to our shareholders and the vision for our future are reaching new heights. We can all allow ourselves to take great pride in our resilience and the unwavering will to succeed.

Resilience and Recovery

Regardless of our successes, the inevitable fluctuations in the market due to the pandemic caused their own challenges for many of our peers and competitors. A significant rise in freight charges along with increase in feeds, raw materials and packaging materials set the course for extremely hard times. Again, Baladna's foresight and strategies of innovation and expansion provided ideal solutions to some of the market's most difficult questions for generations.

The tightening of restrictions and dramatic fall in the population of Qatar as a consequence of COVID-19 had a direct effect on many businesses in the hospitality sector. As normality began to resume, we realised the vast potential of renewing and expanding our products in the hotels, restaurants and catering sector. Baladna focussed on ensuring our quality products were competitive in the industry.

Commitment to our Country

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

Many of our achievements last year were inspired by Qatar Vision 2030 in terms of local and international expansion, diversification, innovation, self-sufficiency and ongoing contribution to the nation's economy as a whole. Our growth in 2021 applied to international opportunities as well as domestic diversification and we are making new inroads into foreign territories which could be profoundly beneficial and open up new markets.

Our investment in the progress and wellbeing of Baladna's 1,750 plus employees has been extremely positive as we continue to combine a collective culture of respect and a drive for success. Having completed more than 20,000 training hours in 2021, we have a workforce which is more capable of working to a technical and operational level than ever before. With regards to Qatar Vision 2030, our commitment to our employees is perfectly aligned.

Broadening Boundaries

We had a number of innovation and diversification strategies across the year which we achieved largely through internal research and development, assessing local market trends, bridging sector gaps and identifying overseas opportunities. Our anticipation of the effects of the pandemic and reaction to the subsequent economic recovery were also paramount.

As the market leader in Qatar across four separate dairy and beverage categories, our brand and production excellence provides the perfect opportunity to enter more sectors. With the new evaporated milk plant and processed cheese diversification, for example, Baladna has the prospect of not just tapping into new lines but making rapid headway as a leading producer and provider.

Looking at the new markets in terms of geography as well as sectors, 2021 was a remarkable year. We initiated discussions with Azerbaijan, Indonesia and Philippines in addition to Malaysia.

We have delivered **QR 773 million** revenue for year 2021 with **17.3%** net profit margin



The agreement with Malaysia's Federal Land Consolidation and Rehabilitation Authority will initially focus on establishing a dairy herd of 10,000 high-yielding milking cows to reduce the country's reliance on milk and dairy imports and supply local communities.

With regards to Azerbaijan, Indonesia and Philippines, we are planning to progress for feasibility studies in early 2022.

Growth with Integrity

Baladna's transparency, integrity and governance form the pillars of our company guide our direction in all aspects of the business. We are collectively aligned with the company's directions, goals, methods and criteria, which maintain our operations and brand as a benchmark for excellence. Through an ongoing philosophy of honesty, accountability and efficiency, we have succeeded in our 2021 strategy of innovation and expansion in the knowledge that our actions are both responsible and beneficial to both our customers and the community.

As part of that governance we must also ensure that we are unified in ensuring our ambitions and our actions are not detrimental in any way to the company. In a time of expansion our enterprise risk management is vitally important and is constantly reviewed and updated in order for us to drive our operations at the pace and effectiveness we have dictated.

Powering Sustainability

Our environmental, social and governance practices in 2021 were both wide and effective, building excellent relationships with partners and consultants who continue to provide expert advice and analysis on how to implement our sustainability strategy.

We have initiated the process of establishing a water treatment unit with the aim of creating a closed loop system for dairy effluent and improving the ecology by re-using water to create additional revenue by capturing and composting fine solids. Among our other environmental initiatives, a new effluent treatment plant with a Biogas reactor will produce gas from our factory waste to generate energy.

A Promising Future

Next year we will be building on the enormous possibilities we initiated in 2021. We have implemented the means to diversify and expand and in 2022 we will realise that potential given to us.

We will look to new markets, new categories and new product lines to drive progressive growth and diversification across our business.

As our evaporated milk plant and can factory become fully completed, we will have a new good avenue into a new market. Our cheese capacity expansion will also be a major factor in how we increase our market share even further.

In addition, the FIFA World Cup will provide excellent opportunities before, during and after the competition – a landmark event for Qatar and for Baladna to showcase our market-leading products for the whole world to enjoy.

Acknowledgements

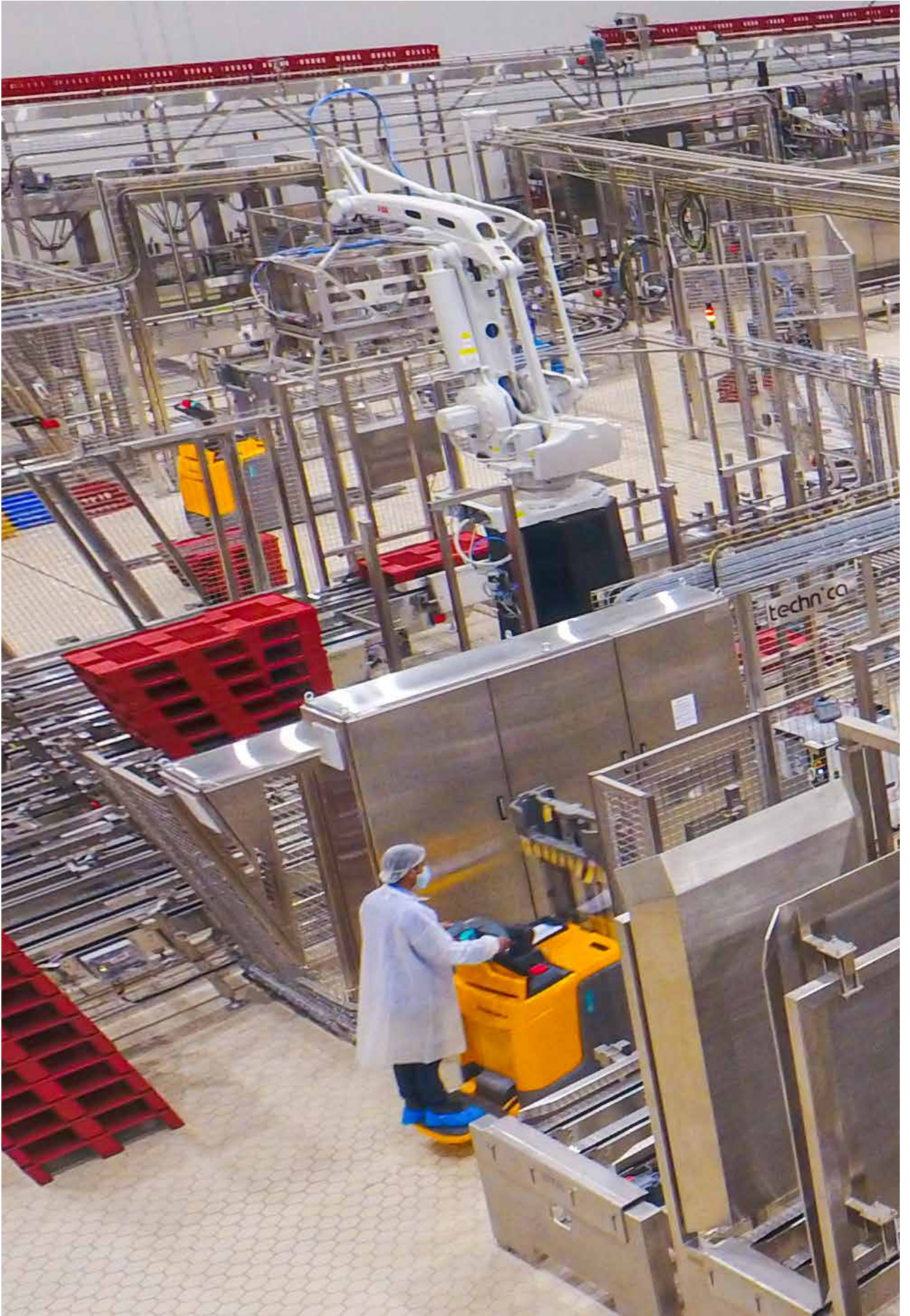
I would like to thank all those at Baladna who have made 2021 such a successful year and been so resolute in the face of adversity. Every employee has played an essential role in helping us to achieve our ambitions and I am sure this will continue. My thanks also to all consumers and stakeholders for their loyalty, support and confidence that Baladna will always provide them with the highest service possible.

The Baladna management team has shown great dedication, insight and professionalism and in a time of business turmoil, they have maintained our common vision and acted to realise our unified goals. We owe our shareholders unqualified gratitude for their belief in Baladna and support in our strategies and successes. I am confident that 2022 will provide great opportunities and rewards for all.

To my fellow Board Members, many thanks and appreciation for your endorsement and guidance. We look forward to another year of growth and diversification.

Moutaz Al-Khayyat

Chairman



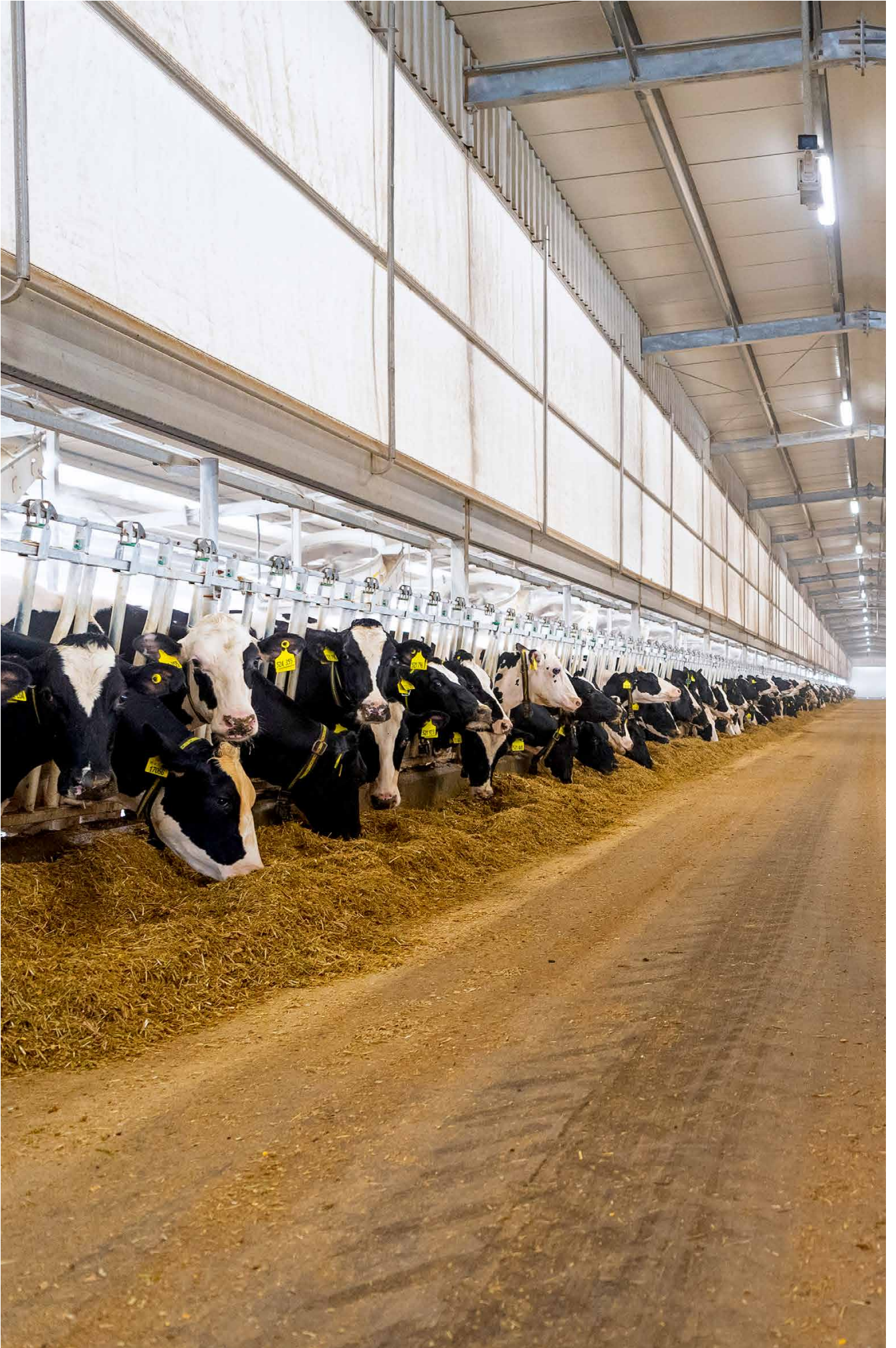
Sustainable value creation through innovation

Exhibiting exceptional resilience and agility, Baladna navigated the volatility and continuing challenges of the operating environment this year to emerge stronger, maintaining industry leading profit margins and growing our market share.

Through the outstanding effort, focus and dedication of our people, we delivered on our promises to our clients and consumers, maintaining the highest standards of quality and living up to our reputation for efficient and trusted service across our growing footprint.

Through a commitment to continuous innovation, built on a solid foundation of close engagement with our consumers for deep understanding of their constantly evolving needs, we improve productivity, we enhance efficiency and strive for operational excellence.

In a year of memorable milestones, we launched new products, entered new categories and invested for the future, in order to grow our consumer base, generate sustainable value for our shareholders and ensure long-term food security for the people of Qatar.



CEO's Review

44

new SKUs

38%

EBITDA margin

in 2021

At Baladna, we looked at this year as a tremendous opportunity to renew our presence and introduce new products.

Piet Hilarides
CEO

“Securing our people, business and market”

Baladna delivered on its strategy with focus and determination, expanding brand leadership in our traditional products and diversifying to new dairy & juice categories. The results of our investments were good throughout 2021 and, more importantly, they have laid the foundations for many more successes in the years to come.

Diversity to Overcome Adversity

For many companies, 2021 was a difficult year. The effects of the pandemic were still rocking markets across the world, continuing to knock confidence and feed uncertainty. In the first half of 2021 the population of Qatar was impacted as many expatriate workers returned to their home countries. This had an adverse influence on the retail sector. In the second half of the year Horeca rebounded after consumers picked up their normal routine and started frequenting restaurant and catering.

Towards the end of the year, lives and businesses are beginning to return to pre-pandemic norms, although the virus is still impacting markets and supply chains. There is still a double digit market decline compared to 2020, but Baladna has recovered and recorded a revenue growth of 2% vs 2020 which was driven by a good performance in the last quarter.

At Baladna, we looked at this year as a tremendous opportunity to renew our presence and introduce new products. Our ongoing analysis and research into the many segments which make up our sector have played a large part in determining the paths we have taken and will continue to take.

Our diversification and growth in market share - driven by new categories such as cream, cheese and long-life Juice as well as the launch of 44 new SKUs - is a great achievement in a year when many businesses were restricting their output rather than investing in new lines and products. The strategy not only helped to mitigate the disruptions of the pandemic, our turnover showed growth versus 2020.

Our investment in technology has also played a large part in the drive for reorganisation and company development including sales, procurement and operational efficiency innovation. As part of Sales and Distribution, we have implemented “Route Pro Merchandising and Sales” and “SAP Sales and Operation Planning modules”. In addition, we have implemented “SAP Ariba Supplier Life Cycle Performance” in order to improve our Supply Chain Process. Information Security is one of the key concerns and we have invested in latest IT security control to predict, prevent, respond, detect and monitor any security concerns.

A Robust Performance

In 2021, Baladna was able to grow its top line by 2% in terms of revenue and manage a 38% EBITDA margin while the global material cost increased substantially. Total revenue for year 2021 stands at QR 773 million compared to QR 759 million in the last year same period. Our EBITDA for the year was QR 297 million which is same as last year similar period.

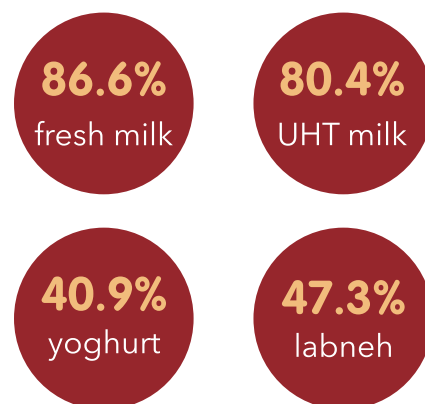
Capitalising on our Strong Brands

Due the unprecedented challenges brought about by COVID-19, our net profit slightly decreased compared to 2020. We increased revenues through challenging market conditions with cream, Juice and cheese sales being the segments which had year-on-year growth at 39%, 14% and 13% respectively.

Overall, margins decreased due to the pandemic effects which was caused by substantially increased raw material prices (+8.9%), packaging material prices (+6.8%) and logistic costs (+245%). The increase in promotions and discounts to increase revenue, as well as a reduction in government compensation as per the agreement contributed to the profit pressure. In light of the challenges, Baladna has delivered a good net profit margin which only declined 1% vs 2020.

Market Share #1 Leader

To achieve long term growth Baladna has invested in market share growth. This has led to the result that Baladna is market leader in its key categories:



Baladna has recovered and recorded a revenue growth of **2% vs 2020** which was driven by a good performance in the last quarter.



Farming

Total herd reached to 23,581 which is 6.0% growth compared to the last year. Total milk production for year 2021 was 141 million liters while we are managing our yield per cow / day at the same level last year despite the extreme humid and hot weather conditions compared to last years. This is a huge achievement.

Manufacturing, new products and processes

Investment in new lines of products and manufacturing methods have raised our operational efficiency to new levels, including our processing expansion with GEA, increased cooling capacity and the new UHT filling line. The new high total solids pasteuriser has improved our processing quality for products such as traditional labneh, desserts and processed cheeses as well as significantly increasing our capability to produce GDL feta.

Our own research and development teams along with the introduction of more sophisticated industry technology have played a major role in launching new, high-quality products and facilitating our increased production (Production rose with 5%).

However, the most significant factor in our manufacturing progress for 2021 is the construction of the evaporated milk factory which will be up and running in 2023.

Sales, Marketing and Brands

Product portfolio management is one of the key factors for our growth and we are continuously focusing on introducing innovative and value-added products to our existing consumers as well as new target consumers. We have dedicated Research and Development team to focus on new product developments as well as adding value to the existing products based on consumer preferences. This resulted in launching 44 new products during the year whilst de-listing 11 products to optimize our portfolio.

Powered by our People

The employees at Baladna continue to be one of our most important attributes, thanks to an innate sense of loyalty, a remarkable work ethic and a passionate community spirit. Our colleagues maintain the highest standards and give us the confidence that we can realize the strategy to achieve our most ambitious goals.

Over the past year we embarked on a journey of intense training, investing more than 20,000 hours in terms of developing productivity, management and technical capabilities. The quality of our workforce and the potential to further grow their careers is part of our mission to become a continuously learning organisation.

Accelerating towards a brighter future

The foundations we laid in 2021 pave the way for many exciting new avenues as we manufacture new products and enter new international markets. With the opportunities to diversify even further we can raise our market share and increase what is effectively the established brand of Qatar's dairy and beverage sector. We feel confident about 2022.

The FIFA World Cup 2022 will be a great opportunity for us to both increase our sales in the short- term and promote the brand to an international audience with the possibility of longer term benefits.

In line with ongoing commitment, we will continue to drive the Qatar National Food Security Strategy 2018-2023 by ensuring that we remain as self-sufficient and cost-effective as possible, supplying the population with an abundant supply of good quality, nutritious and affordable food.

Acknowledgements

I would like to wholeheartedly thank every member of the Baladna team for their unwavering loyalty and outstanding efforts towards achieving our shared objectives under these unique and unpredictable circumstances.

I would also like to share my deep appreciation to our Chairman and Board of Directors for their support and guidance, as well as to our all shareholders and customers for their confidence and trust.

Together, our combined efforts have seen us through a challenging and yet highly successful year, and we look forward to building on those achievements in the future.

Piet Hilarides

CEO



CFO's Message



297

(QR) million - EBITDA

134

(QR) million - net profit

in 2021

Our commitment to best practices and policies in place are recognised by all stakeholders, including, most recently the Company being recognised with an award by the Middle East Investor Relations Association (MEIRA).

Saifullah Khan
CFO

Performance highlights

Baladna recorded a total revenue of QR 773 million for 2021, which represents 2% growth compared to the previous year. The Company achieved this growth in revenues despite a significant temporary decrease in the total retail market in Qatar, which is estimated to have contracted by around 19% year-on-year. Baladna managed to adapt to these adverse market conditions through the introduction of new product lines and by growing our market share in existing segments through higher promotions and discount programmes.

Our continuous focus on product portfolio management resulted in our total SKUs reaching 268 products by the end of 2021, compared to 235 products at the end of 2020. Out of the total product portfolio, fresh milk, UHT milk and cheese provide the highest contribution to the total revenue. In terms of revenue growth, cheese, cream and juice were the top contributors. Despite the various challenges relating to external market conditions, Baladna was able to maintain industry leading profit margins.

For the year, Baladna achieved an EBITDA of QR 297 million and net profit of QR 134 million, which represents a 38% EBITDA margin and 17% net profit margin. These margins are a testament to our operational efficiency despite the challenges we had during the year due to pandemic where feed, raw material and packaging material prices increased significantly. It is important to highlight, that government support for the current year was QR 21 million less, reflecting a planned 15% decrease compared to the previous year, confirming Baladna's strength and ability to support to the National Food Security Program while at the same time contributing to the local economy.

Baladna's 2021 commercial and financial performance confirms our key investment highlights:

- Market leader in dairy products and beverages in Qatar
- Proven ability to identify growth opportunities and successfully execute strategy
- Excellence in product innovation and development
- State-of-the-art facilities that increase efficiencies and lower operating costs
- Integrated value chain allowing full control by management
- Strong financial track record and solid financial position
- Strategic shareholder support

Healthy cash flow generation and solid financial position

Baladna generated operating cash flows of QR 213 million for the year, which played a critical role in the settlement of debt facilities used for capital expenditures. During 2021, Baladna started investing in new factory expansions to produce evaporated milk and sterilised cream. These investments have the potential to drive the revenue growth and profitability in the coming years.

Additionally, Baladna started investing in shares of major companies listed on the Qatar Stock Exchange as well as regional exchanges as a part of our investment strategy. Investment in shares during the year resulted in a fair value gain of QR 11 million. Net debt to total capital employed ratio stands at 39%, compared to 35% for last year. This year's increase in debt is due to investments relating to factory expansions and investments in securities.

Key Financial Highlights				
		2021	2020	2020
		12 Months	12 Months	13 Months*
Operational Performance				
Revenue	QR M	773	759	815
EBITDA	QR M	297	297	323
EBITDA Margin	%	38.4%	39.1%	39.6%
Net Profit	QR M	134	141	152
Net Profit Margin	%	17.3%	18.6%	18.7%
EPS	QR Per Share	0.070	0.074	0.082
Balance Sheet				
		31 December 2021	31 December 2020	
Total Assets	QR M	3,912	3,623	
Debt	QR M	1,397	1,129	
Equity	QR M	2,271	2,241	
Debt to Equity	%	61.5%	50.4%	

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

Robust risk management

As a strategic and preventive measure, Baladna maintains strategic inventory levels for all major raw materials required for our operations. This is intended to support continuity in the unlikely event of any unforeseen supply disruptions. Risks related to our distribution capabilities are minimal, as we manage our own distribution channels without third party interventions. Exchange rate risk is also limited for Baladna, as we currently cater to the local market with minimal exports. Our main exposure is to the Qatari Riyal and the US Dollar, of which the exchange rate is pegged. Other foreign exchange rate exposure is negligible.

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

Our commitment to best practices and policies in place are recognised by all stakeholders, including, most recently the Company being recognised with an award by the Middle East Investor Relations Association (MEIRA).

Initiatives for greater efficiency

Baladna applies the latest technologies for milking and a state-of-the-art manufacturing facility designed to drive efficiencies across our business. We constantly monitor market demand and production requirements to optimise our milk production and reduce wastage. We support the natural growth of our herd, and increase milk yield by providing comfortable living conditions and necessary vaccines. We also conduct regular health and feed testing, which contributed to higher yield of milk per cow per day of 36.6 litres in the current year, under adverse weather conditions due to high humidity and temperature compared to the previous year.

Continuous product portfolio reviews and new product launches allow Baladna to maintain an optimum product mix, supporting margin improvements and accelerating the Company's growth. Baladna has introduced 44 products during the year, while 11 products were de-listed. Continuous focus on partnerships and logistics enables access of our products to a growing customer base, through our distribution network that has expanded to cover the current Qatari retail and HORECA market, resulting in lower cost of sales per unit driven by an increase in volumes.

2022 outlook

In 2022, Baladna aims to continue growing our volumes in existing product lines and through the introduction of new SKUs. The evaporated milk factory and butter processing facilities under construction are expected to be completed by the end of 2022. The increase in volumes is expected to further reduce the production cost per unit through greater economies of scale.

With the scheduled FIFA World Cup, we are expecting robust revenue and profitability growth, especially in the second half of 2022.

Strategic expansion and partnerships remain key for Baladna's long term growth. We initiated discussions with partners in Azerbaijan, Indonesia and Philippines where studies are still in the initial stages in addition to Malaysia.

During the year, Baladna also opened a new company, which is expected to own any future international agriculture expansion projects, as Baladna is currently assessing options for backward integration to have its own feed farms to grow forages and meet internal demand. In the event this strategic step is determined to be value accretive to the Company and approved by the Board, it is expected to increase the security and certainty of the supply and quality of feed.

Having a strong financial position and operational cash flow generation, Baladna is in a position to invest in large-scale projects while expanding the current business into new categories and investing in growth opportunities which have the potential to provide incremental returns. Building on the strong financial foundations established in 2021 and the diverse avenues available for diversification and expansion, the management targets favourable growth in revenue and profitability for the coming year.

Saifullah Khan
CFO

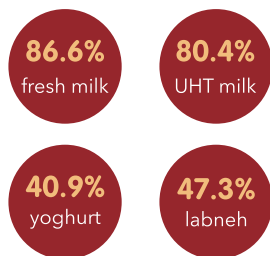


Our Investment Case

Our key investment highlights

#1 leader in Dairy and Beverages in Qatar	Excellent product innovation and consumer insights program	Integrated value chain	Strong financial performance and position	Strong shareholder support and growth opportunities
Strong #1 market share across 4 out of 8 categories...	Best understanding of the local markets through research	Efficient supply management and operations	Industry leading net profit margins and cash generation	Strategic & founding shareholders account for 49% of base

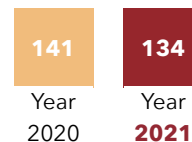
By volume



- Identification of market trends and value accretive products
- Product optimization through two-way customer interaction
- Creating quality brand and fulfilling customer preferences

- Proximity to suppliers and clients ensures continuity
- Customer confidence
- State-of-the-art technology
- Uninterrupted supply chain and high efficiencies

Net profit (QARm)



Net profit margins



Founding members



Strengthening food security and self-sufficiency in Qatar, backed by Government support

- International best practice quality control processes
- Optimization of operation

...driven by significant and highly efficient size of operations	...continuously enhancing product portfolio & innovative marketing	...resulting in excellent reach of Retail and HORECA clients	...based on strong financial position and solid balance sheet	...supporting Baladna to continue its growth
--	--	--	---	--

Farm size
2.4 million sqm

Total herd size
23,581

Daily yield per cow
36.6 liters

SKUs
268

Highly appreciated brand names created



Premium Affordable

No of sales routes
135

No of customers
3,476



- Strong asset base primarily funded by equity - Net debt to total capital **39%**
- Moderate leverage deployed focuses on value creation for shareholders
- Excellent and immediate access to external funding, as required

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



Business Model

Inputs

Financial Capital

- QAR 3.5 billion Investment
- 34,800 Shareholder Base
- Listing on Qatar Stock Exchange

Manufactured Capital

- State-of-the-art facilities, equipment and technologies
- Resilient supply chain
- Robust and integrated value chain
- 3,450 Points of Sale

Human Capital

- Experienced leadership team
- +1,700 employees
- Strong corporate culture & values

Social & Relationship Capital

- 94.2% Qatari owned
- Strategic relationship with Government of Qatar
- Reputation for quality with trusted products & brands

How we create value



Our Vision

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



Our Mission

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



Innovation

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



Our Segments & Brands

Fresh Milk	Yoghurt
UHT Milk	Labneh
Laban	Cheese
Juice	Creams
Dessert	





Baladna is Qatar's Leading Dairy & Beverages Company.

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



Our Principles

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



Quality

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

Business drivers

Our Farms

2 farms with over 23,500 head of cattle

Our Manufacturing

State-of-the-art processing and packaging facilities

Our Strategic Product Innovation

268 SKUs in current product portfolio across all brands

QUALITY

Comprehensive basket product | Integrated supply chain
 Product superiority, high-quality and availability | Productivity per cow

Outputs

Solid Financial Results

QR 49.2 Million
Free Cash Flow

QR 134 Million
Profits

QR 297 Million
EBITDA

QR 1.445
Share price

Resilient Workforce

Low employee turnover
Over 35 nationalities

Operational Excellence

Operational efficiency & cost optimisation
Product innovation (SKUs +14% y-o-y)
Food security for Qatar

Strong Brand Equity

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

(#1 in Dairy)

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

Strategy

Our Corporate Strategy

Our strategy revolves around establishing protocols and systems to achieve our corporate objectives. In order to achieve this, we have developed a set of goals and key performance indicators to monitor them. Our focus remains on creating shareholder value by driving optimization, maintaining products' quality, accelerating growth and strengthening the processes by continuous improvements and automation.

The key drivers to the strategy are:

1. Growth in key categories we already operate
2. Leveraging our assets through exports
3. Expanding into other categories in home market
4. Expand geographically in new markets e.g. Malaysia
5. Drive end-to-end efficiency throughout the value chain
6. Focus on producing most superior products in the categories we operate
7. Continuous innovation and renovation to meet consumers needs
8. Maintain quality across operations by using best in class technologies
9. Active involvement and contribution to the food security program to ensure highest standards of health and safety for the citizens and residents in Qatar
10. Continuous improvement in cow comfort to benchmark milk yield with leading dairy farms in the world
11. Provide healthy working environment to motivate staff / attract best talent and be the best place to work

Our Strategic Pillars



People

Creating performance culture

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



Product

Ensuring quality and availability

- Entrench quality culture – consistent and superior products and packaging
- Simplify shopper journey – strongly available and visible



Brand

Be the preferred consumer brand

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



Efficiency

Drive value stream

- Optimization of systems / processes through automation
- Strong focus on cost savings and value engineering

From grass to glass

Baladna is setting new standards for sustainable, integrated dairy farming in Qatar

Challenges in sustainable dairy farming

Global farming techniques, including in the dairy sector, are coming under increasing strain around the world as a result of population growth, geopolitical tensions, climate change, shifting consumer behaviour and a range of other factors. The challenges and inefficiencies became even more evident during the COVID-19 pandemic, as supply chains were disrupted and costs rose.

The case for fully integrated dairy farming

These challenges have demonstrated the importance of producing locally to serve nations and communities, and integration is the key. Large-scale integrated dairy farming provides the solution to inefficiency and supply chain risk. Its goal is to produce the highest quality milk at the lowest cost per litre, using the principle of comprehensiveness and central management to generate maximum economies of scale.

This approach provides 'grass-to-glass' productivity, security and provenance in the manufacture and delivery of dairy produce. The farm produces the grass, which feeds the cows. The farm in turn produces, processes, and distributes the milk, thereby controlling the entire supply chain and ensuring efficient, profitable and sustainable production.

Baladna is leading the way for the Qatari dairy industry

Baladna's commitment to integrated dairy techniques has delivered a rolling herd average of 36.6 litres across our Qatari operations, only three years after start-up. We continue to bring our integrated methodology to new markets, with initial discussions with our foreign partners in Azerbaijan, Indonesia and Philippines in addition to the Malaysian project.

Governments globally, not least across the developing world, must do all they can to embrace integrated dairy farming. It is the future of sustainable and cost-effective dairy production, and Baladna has the capabilities and will to be a trailblazer in this important space, for our industry and nation.

Our herd of

10,000

dairy cattle in Malaysia will deliver 100 million liters of fresh milk in the first year of operation for the local population.

Operating Review

During a year of continued disruptions and challenges, Baladna once again demonstrated our strength and resilience to maintain operational continuity and protect our people and, while continuing to innovate, build on our track record of operational excellence and maintain market leadership, laying the foundation for continued growth and diversification moving forward as Qatar's first fully integrated dairy farm.



44

Baladna maintained our market leadership across a range of categories - including milk, yogurt and labneh - while launching 44 new products

Baladna succeeded in building on its strong performance during 2020 to achieve further strategic progress and memorable milestones during this year. Our farms operations achieved had an excellent year, driving self-sufficiency while significantly increasing capacity, capabilities, output and animal welfare, in order to provide the necessary foundation for business excellence and growth.

Our manufacturing operations have driven substantial progress during 2021 by introducing sophisticated new technologies to increase production volumes, enhance efficiency, manage costs, and ensure superior quality,

consistency and high product performance. We also started construction of our new evaporated milk factory that will create additional value for the company once fully completed in 2022.

Over the course of the year, Baladna maintained our market leadership across a range of categories - including milk, yogurt and labneh - while launching 44 new products to further diversify our product portfolio, leveraging customer data and research to continue to enhance consumer choice and position the company for sustainable success in the years ahead.

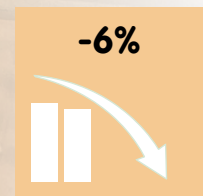
A Market Leader

Revenue (QR mn)



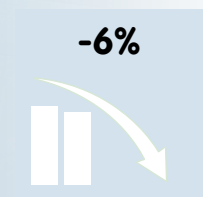
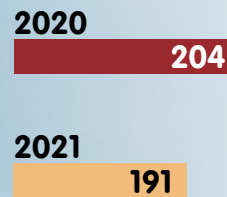
Fresh Milk
86.6%
Market Share

- Market size: QR 200 million
- Market volume: Down 12% in 2021
- Retained strong #1 position



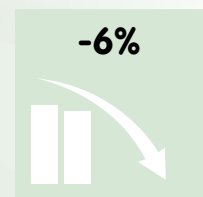
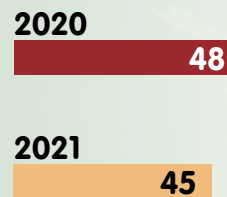
UHT Milk
80.4%
Market Share

- Market size: QR 133 million
- Market volume: Down by 13% in 2021
- Retained strong #1 position



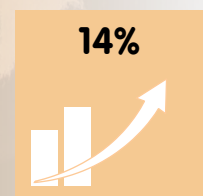
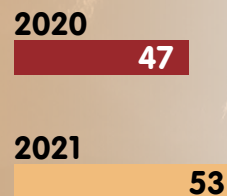
Laban
45.9%
Market Share

- Market size: QR 91 million
- Market volume: Down by 14% in 2021
- Remains a significant growth opportunity



Juice
18.4%
Market Share

- Market size: QR 205 million
- Market volume: Decreasing by 22% in 2021
- Remains a significant growth opportunity



A Market Leader

Revenue (QR mn)



Yoghurt
40.9%
Market Share

- Market size: QR 121 million
- Market volume: Decreasing by 11% 2021
- Remains a significant growth opportunity

2020

55

3%

2021

57



Labneh
47.3%
Market Share

- Market size: QR 17 million
- Market volume: Down 21% in 2021
- Remains as market leader

2020

14

1%

2021

14



Cheese
23.5%
Market Share

- Market size: QR 188 million
- Market volume: Down 27% in 2021
- Remains a significant growth opportunity

2020

109

13%

2021

123



Creams
26.2%
Market Share

- Market size: QR 43 million
- Market volume: Down 25% in 2021
- Remains a significant growth opportunity

2020

14

39%

2021

20



Operating Review

Farming



2021 was an excellent year for our farming operations in terms of output, expansion, sustainability and animal welfare. We made great strides in self-sufficiency, cutting costs and improving overall efficiency in eliminating the need to replace our stocks, which also makes a major contribution to Qatar's food security.

Through our sustainable growth strategy, we focused this year on our goal to provide world-class facilities to maximise our long-term production and profitability potential. The headway we made in 2021 has already shown we are on course to achieve that target and expand even further in 2022, despite the continuing impacts of the COVID-19 pandemic on our operations.

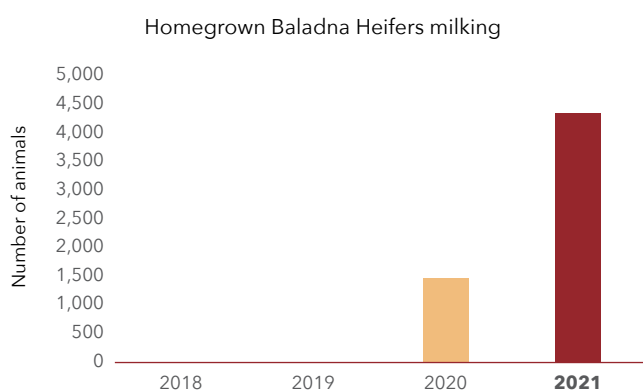
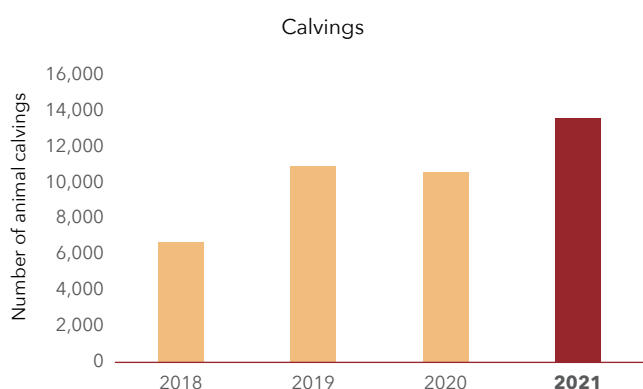
As we broaden our capabilities and capacities, we have also made concerted efforts to care for the environment which sustains our operations. We understand our reliance on the natural world and as part of our working practices have put into place a number of initiatives to ensure that we play as positive part as possible in maintaining that balance.

Driving self-sufficiency

In order to maintain and strengthen Baladna’s position as the clear leader in Qatar’s dairy and beverage sector, the success of our farming operations is at the very heart of our business and the progress we make.

Our strategy from the beginning of 2021 was to provide a greater quantity of products with a higher quality than ever before. To achieve that, we introduced several major initiatives, the most significant of which is the ability to calve our own heifers, which were born and bred in Qatar.

This represents a great step forward, as we effectively become a self-supporting dairy unit without the need to purchase and replace new animals. There are profound long-term implications, as we increase our herd sizes, decrease operating costs and look towards expanding our production levels and further diversification.



Overcoming changes and challenges

Many of last year’s successes were a result of refining and reassessing existing processes, although the completion of larger scale projects, including two new milking barns, have added significantly to our future production potential.

We also benefitted from our investment in terms of our livestock welfare as we witnessed the hottest summer in four years. Despite the extreme conditions, our essential cooling systems and recent acquisition of building management systems functioned perfectly, allowing us to maintain the wellbeing of our herds and reach our optimum production targets.

Record breaking production

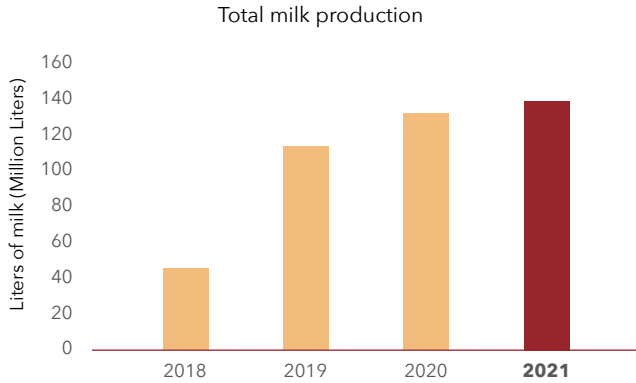
With a total herd size of 23,581, we are close to achieving our capacity of 24,000, maximising our facilities and optimising our output, which in 2021 stood at 36.6 litres of milk per cow per day. The combined size of our two farms now stands at 2.4 million sqm, providing ample space for our operations to continue producing yields which cater to the vast number of dairy products.

Year	Year-end Herd Size	Max Capacity
2018	14,866	24,000
2019	19,345	24,000
2020	22,250	24,000
2021	23,581	24,000

Baladna supplies to the country, the region and beyond. With a current share of the milk market standing at 87%, we are constantly developing our farming resources to grow that share even further and meet the ever-increasing demands that come with Baladna’s expanding portfolio.

Despite the significant challenges of COVID-19, by the end of 2020 we had met our farming targets, reflecting the agility and innovation of the Farming Unit. Throughout 2021, we set our sights even higher and set new benchmarks for the future.

There was strong growth in output over the previous year and a 25% increase in total milk production since pre-pandemic levels. Since 2018, we have increased that output by nearly 238% from 42 million litres to more than 141 million. We are more productive now than we have ever been.



In line with our ongoing management of our herd size, we increased animal sales in 2021 compared to last year, which resulted in a 53% increase in revenue from animal sales to reach QAR 24 million in 2021. With our world-class facilities and ever-evolving infrastructure, our operations will continue to grow in the years ahead.

Disappearing footprint

Our commitment to our natural environment has always been a core concern to Baladna, and during 2021 we initiated several major developments to minimise the impact of our operations on our surroundings.

We embarked on a project to reduce our carbon footprint by collecting fine solids from the farm’s wastewater which will reduce methane gasses by a massive 70% as well as increase the compost quantity for sale by 30%. In addition, we are working on a system which will allow us to clean and re-use our wastewater, reducing our freshwater consumption by approximately 40%.

2022 outlook

As we continue to grow and become more self-sufficient, Baladna farms will provide the natural resources which have become synonymous with health, nutrition and affordability. State-of-the-art techniques and progressive operations mean that we will be able to expand our production in line with new demands and diversify into new lines.

In 2022, we will launch an organic farm to cater to the rising ‘from grass to glass’ demand, which is becoming increasingly popular, presenting another opportunity for Baladna to lead the market. Animal health and welfare is also high on the agenda as we upgrade our cooling facilities and continue to ensure our livestock live in a stress-free environment.

Over the past 12 months, we have reached record levels of production and herd levels, supplying the natural resources which make us the most recognised dairy and beverage brand. Our customers understand that there is no compromise on Baladna quality, which remains our commitment as we move forward with confidence and ambition.



Operating Review

Manufacturing

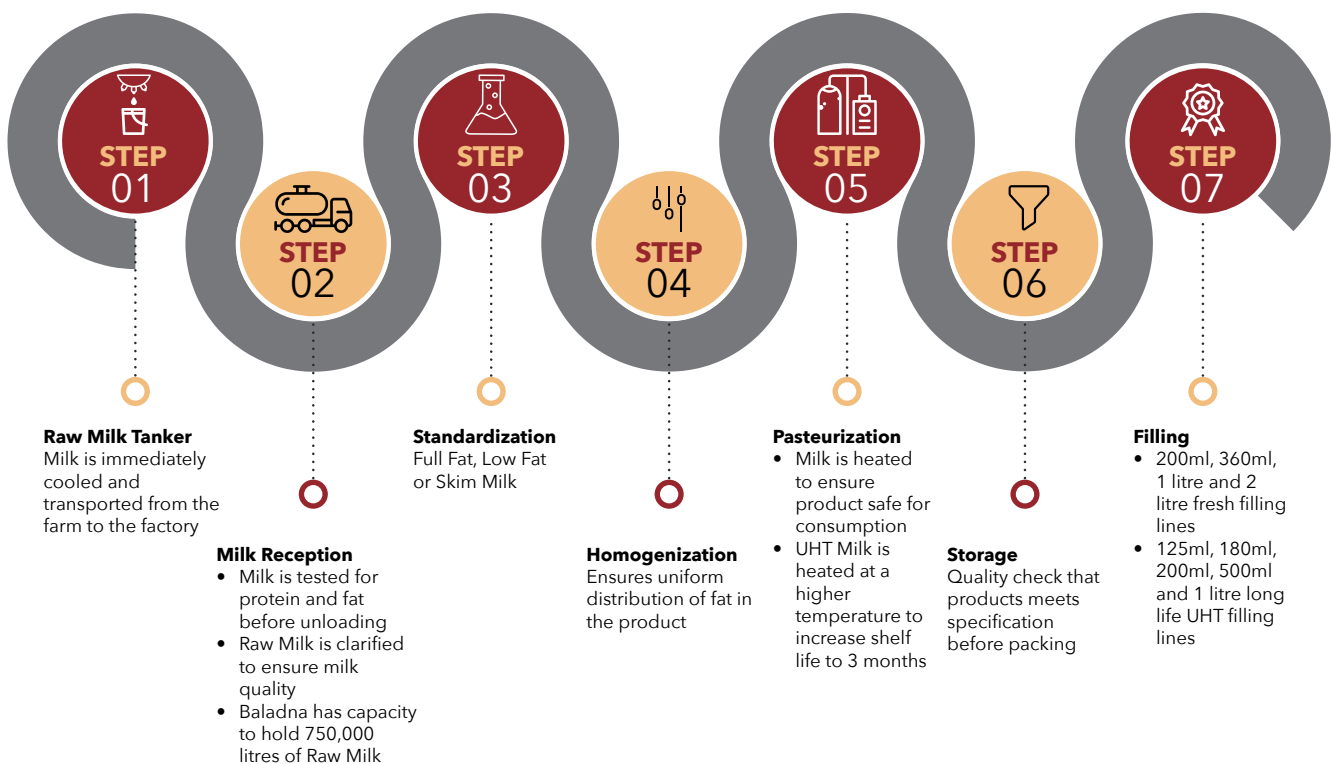
Despite the continuing impact of COVID-19 on our operations, our strategic focus in 2021 revolved around increasing output of our established products, introducing new lines and ensuring we operated within budget, all of which we achieved with great success. As well as being a year to remember for expansion into new markets, we have also created the infrastructure for future growth. New technology, industry innovation and our own initiatives have helped us to enhance our flexibility and capacity, which in turn have led to developing key channels.

In addition to technical investment, we have also focussed on our human resources through training, assessments and succession planning at operator and technician levels, which has also been a great contributing factor to increasing output and diversification.

Overview of Baladna’s dairy processing plant

Extensive range of products made possible through state-of-the-art facilities

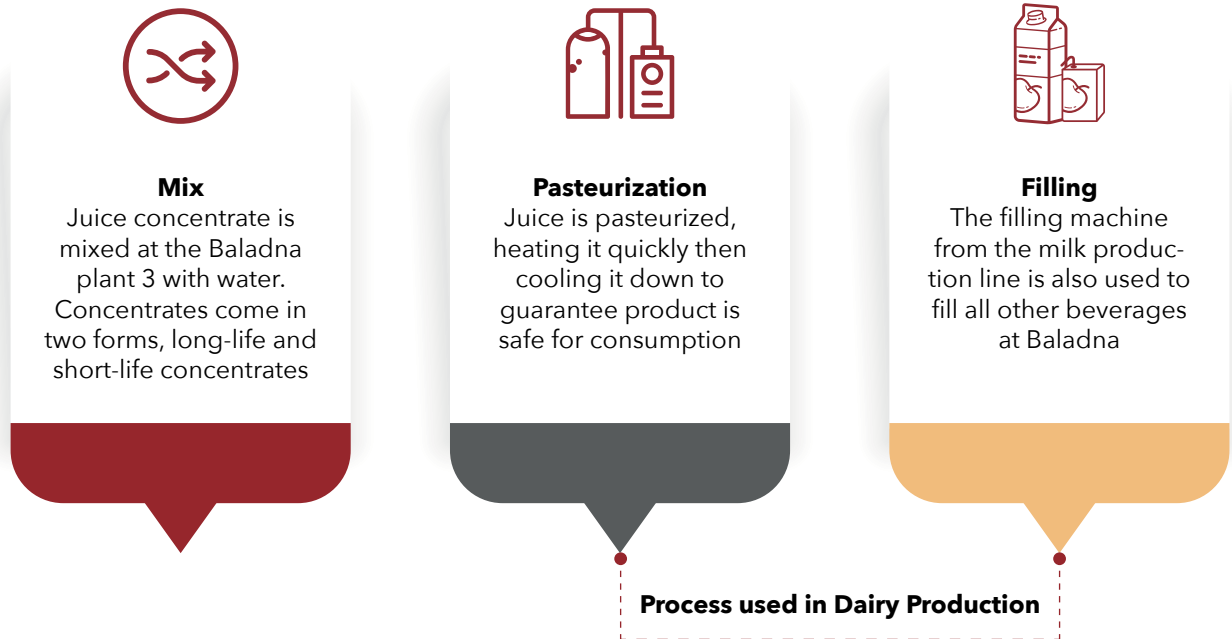
Facilities and Milk Process



Overview of Baladna's Juice Processing

Value creation and achievement of synergies through utilization of existing facilities to produce juice

Facilities and Process



- Baladna juice products are **produced within the existing facilities and benefit from synergies with the dairy production facilities**

Putting Plans into Practice

As the undisputed leader in Qatar's dairy and beverage sector, Baladna's priorities were to continue broadening our production and portfolio. It was a year which began with ambitious targets and came to a close with impressive achievements. Our growth extended to almost every aspect of manufacturing and production from increased capacity to new processes, with the result that we realised those targets and expanded both our geographical and market reach.

This was thanks in part to our processing expansion with increased GEA cooling capacity and one of the most prominent breakthroughs of the year, the new UHT filling line which creates tremendous opportunities for the recovering hotels, restaurants and catering sector as well as the mass export market.

Mr David Stuart started as the new GM Manufacturing in December 2021 and will continue with the improvement activities throughout Manufacturing that have been put in place.

In terms of development and innovation, more sophisticated technology and processing methods have played a major role in our manufacturing. We now have the capacity to use oil, cream and butter as fat substitutes, providing greater flexibility to deliver existing and future products, in line with one of the company's key priorities to offer our clients a single point of contact for a greater range of goods. And through the new high total solids pasteuriser, we have improved our processing for products such as traditional labneh, desserts and processed cheeses as well as significantly increased our capability to produce GDL feta.

Total production for 2021

Product category	(KG/LTR Mn)
Fresh and UHT Milk	75.2
Yoghurt	11.0
Laban and Ayran	8.5
Cheese	4.2
Labneh	0.7
Fresh and UHT Cream	1.0
Other Dairy Products (Such as Custard, Desserts, Ghee etc.)	0.6
Chilled and Long Life Juice	13.3

Baladna is constantly looking to enhance our product mix by adding additional items to our portfolio. In 2021, we introduced 44 SKUs, including new product lines, such as Karak Latte and Espresso Latte, and added variations to existing lines, such as cream and cheese products.

New products in 2021

Product category	SKUs
Fresh Dairy	11
Long Life Dairy and Creams	6
Cheese	10
Chilled and Long Life Juice	17

Thanks to new processing lines, we have been in a position to introduce new SKUs to our consumers and thanks to our benchmark of good manufacturing practices we have seen a considerable increase in customer satisfaction.

While we delisted 11 products to optimise the portfolio, in total, we are now manufacturing 268 items, thanks in part to our processing expansion with GEA, increased cooling capacity and the new UHT filling line.

With construction already underway for our new plant for the production of evaporated milk, we are planning to introduce butter and move Cheese Products to the new plant which will again increase capacity and efficiency.

Meeting Targets

We made it our mission to raise the bar for our key performance indicators last year and improved the tracking of their accuracy through the latest business analytics service software. In achieving those, one of our greatest accomplishments was reducing products Loss in Process (LIP) from 6.5% to 4.3%. Alongside this, we improved considerably on manpower costs and streamlined budgets accordingly.

Our KPI Criteria:

- Improving skill levels through training, competency assessments and succession planning at an operator/technician level
- LIP targets
- Overall equipment effectiveness tracking
- Introduction of string cheese process
- Enhanced capacity of processed cheese
- Cold store capacity increased

In closely tracking and monitoring our equipment effectiveness, we have been able to identify even further where certain savings can be made or efficiency improved. By reaching and exceeding those key performance indicators throughout 2021, we managed to broaden our horizons in terms of products to market.

Creating a Sustainable Circle

We have always been conscious that our business is reliant on our environment and our intrinsic resources. Our products are inherently natural and we have our immediate surroundings to thank for that.

We believe that we need to care for those precious commodities and are grateful that they provide us with an ongoing means to ensure the people of Qatar are provided with clean and healthy dairy food and drink. As part of our plans to give even more back to our natural surroundings, we are currently installing and commissioning a new effluent treatment plant with a Biogas reactor. This will allow us to generate gas from our factory waste that can in turn be used to generate energy. Baladna has an ongoing policy to maintain a healthy and sustainable environment and through this reactor, we will make even more progress.



2022 Outlook

In the coming 12 months, we will continue to expand our portfolio in categories as well as individual products across a wider market. Eastern Europe and Asia in particular are expected to be key destinations for Baladna growth and the manufacturing expertise and equipment that come with it. The new factory for full production of

evaporated milk and butter will also be a significant factor in growing the capacity of our new lines.

Our ultimate goal is to provide healthy, safe and affordable consumables to our customers and with our continuous improvement in efficiency and quality, we will deliver that not just next year but every year.

Operating Review

Sales and Distribution

As the largest vertically integrated dairy and beverage company in Qatar, Baladna operates the biggest and most modern fleet of trucks for chilled distribution in the nation. Our market-leading distribution infrastructure and capabilities deliver over 260 trusted and nutritious Baladna and Awafi products to over 3,400 customers and contact points across Qatar – around the clock and every day of the year.

Baladna embarked on a major transformation of its sales team and processes in 2021, under the leadership of our newly appointed General Manager Sales. We launched a recruitment drive early in the year to refresh our sales organisation, primarily focusing on attracting key talent to bolster our sales and merchandising teams. This coupled with the successful implementation of Baladna's new sales and merchandising System, RoutePro, resulted in a dramatic improvement in our sales performance, with a massive 33% reduction in wastage and an 11% improvement in sales efficiency.

Our modern trade channel was also a key focal point for our business in 2021. In close collaboration with all our leading retail partners, we developed joint business plans and invested in our in-store visibility and secondary touch points, further strengthening our brand equity.

Outside Qatar, we focused on extending our brand presence and prominence through our Export Division, increasing the number of countries where we export our products from two countries last year to a total of eight countries as of the end of 2021.

Overall, despite the extremely challenging operating environment, which as a significant market contraction of -19%, ongoing COVID-19 restrictions and the largest population decline witnessed in recent years, the commercial team continued to create substantial value for the business and deliver growth heading into 2022.



2022 Outlook

In the coming year, we will continue to capitalise on the major update of our systems and team that was successfully delivered in 2021, as we seek to capitalise on the positive momentum in the improved trading environment of late 2021. Supported by our investments in our modern trade partners, with in-store branding set to be rolled out in an additional 24 stores and increased participation in retailer promotional programmes, Baladna is poised to grow at above market rates and achieve increased household penetration.

Our focus to ensure the freshest products available at all times in stores will be maintained, giving our consumers the best possible experience, as freshness on shelf is key driver within the dairy category. In the modern trade Deli segment, where our market share is above 50% and growing, we will accelerate growth through the efforts of our dedicated sales team, as we further develop key relationships with the Deli Section Heads and ensure full distribution of our growing cheese portfolio.

Traditional Trade is also a priority for our business, as it represents a large portion of our retail sales and is a key customer channel for top ups. Our enhanced sales

system will increase the availability of our products in this channel, focusing on core staples such as milk, yoghurt, juice and cheese. We will also target improvements of our operational efficiency in this channel by 10% in 2022.

Beyond the borders of Qatar, we will build on the successes of 2021 to continue to drive increasing exports in the year ahead. We seek to double our exports by expanding our product portfolio through these newly appointed distributor network.

Finally, the FIFA World Cup set to kick off towards the end of 2022, which will see over one million visitors descend on Qatar. This global event represents an outstanding opportunity to drive growth in the second half of the year for our HORECA team. There has already been a boost in sales, as the majority of tenders and contracts were secured for the event in 2021, but we have established a dedicated, cross-functional team to ensure that we maximise the full potential of this unique opportunity. Our HORECA channel will also benefit from the launch of our new eCommerce Sales App in early 2022, which will provide our HORECA customers with a user-friendly tool to order our products in real time with greater speed and efficiency.

Operating Review

New Products

2021 was a year of unprecedented challenges. Despite the challenging environment Baladna successfully launched 44 new products under our main Baladna brand and our value Awafi line including 11 Fresh dairy products, 6 long life products 10 cheese products and 17 juices.

We continue to target greater penetration by launching juice in different size in both Baladna and Awafi. Another major product development was releasing Karak Latte and Espresso Latte in Coffee category to capitalize on impulse sales opportunities.

New Product Launch in 2021

Product Category	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Fresh dairy	-	8	1	2
Long-life dairy and Cream	-	6	-	-
Cheese	4	3	3	-
Juices	8	3	6	-
Total	12	20	10	2

Product Development: A Strategic Function

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

Baladna



Our Baladna family is growing

Awafi



New members of the Awafi Family

Operating Review

Covid-19 Impact And Response

The global Covid-19 pandemic continued to affect the global and Qatari economies, albeit to a lesser extent when compared to the previous year.

Robust control measures were implemented during 2020 and these were maintained throughout 2021. The controls included:

- Temperature screening our facilities and personal protection equipment (PPE) sourced and distributed to all.
- Remote working was encouraged for all suitable roles across our operations, and we continued with a variety of remote operational functions including team meetings, data access and business approval processes.
- Recruitment was also initiated in order to source local replacements for personnel who were unable to return to work.

Our COVID-19 Business Continuity Plan remains in place in readiness for possible future escalation in international and/or local COVID cases caused by new variants of the virus.

COVID-19 Business Continuity Plan: A Phased Approach

Taking Control	Core Protection	Strategic Realignment	Operational Reorganisation	Monitoring and Control
COVID-19 Crisis Team formed under a dedicated Coordinator	All visits/external projects may be cancelled based on current conditions	Additional staff accommodation identified	Strengthened existing protocols	Retain robust controls
All travel (inbound / outbound controlled based on current conditions)	Critical staff retained on-site; all others to work remotely if required	Plans developed for rapid decentralization of accommodation if required	Additional protection established at our farms and factory	Resume external projects under new controls
Continual COVID-19 awareness training initiated				Supporting customers with re-opening plans
PPE equipment secured and purchased; associated protocols implemented, as well as temperature and ETHERAZ checks				

Risk management

Baladna Enterprise Risk Management (ERM) has been running for just over one year. During the last twelve months the business environment has continued to be volatile and challenging, the effective management and mitigation of risk has become more important. Baladna's ERM methodology has helped the Leadership team avoid and reduce the impact of any potential risks to the Company and its ability to execute strategy.

Baladna's methodology to manage potential business risks is aligned with recognised industry standards and best practices based on the COSO¹ Enterprise Risk Model for its Integrated Framework and ISO² 31000 for its Risk Management principles and guidelines.

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

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

Risk definition

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

Senior management and oversight

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

¹Committee of Sponsoring Organisations of the Treadway Commission

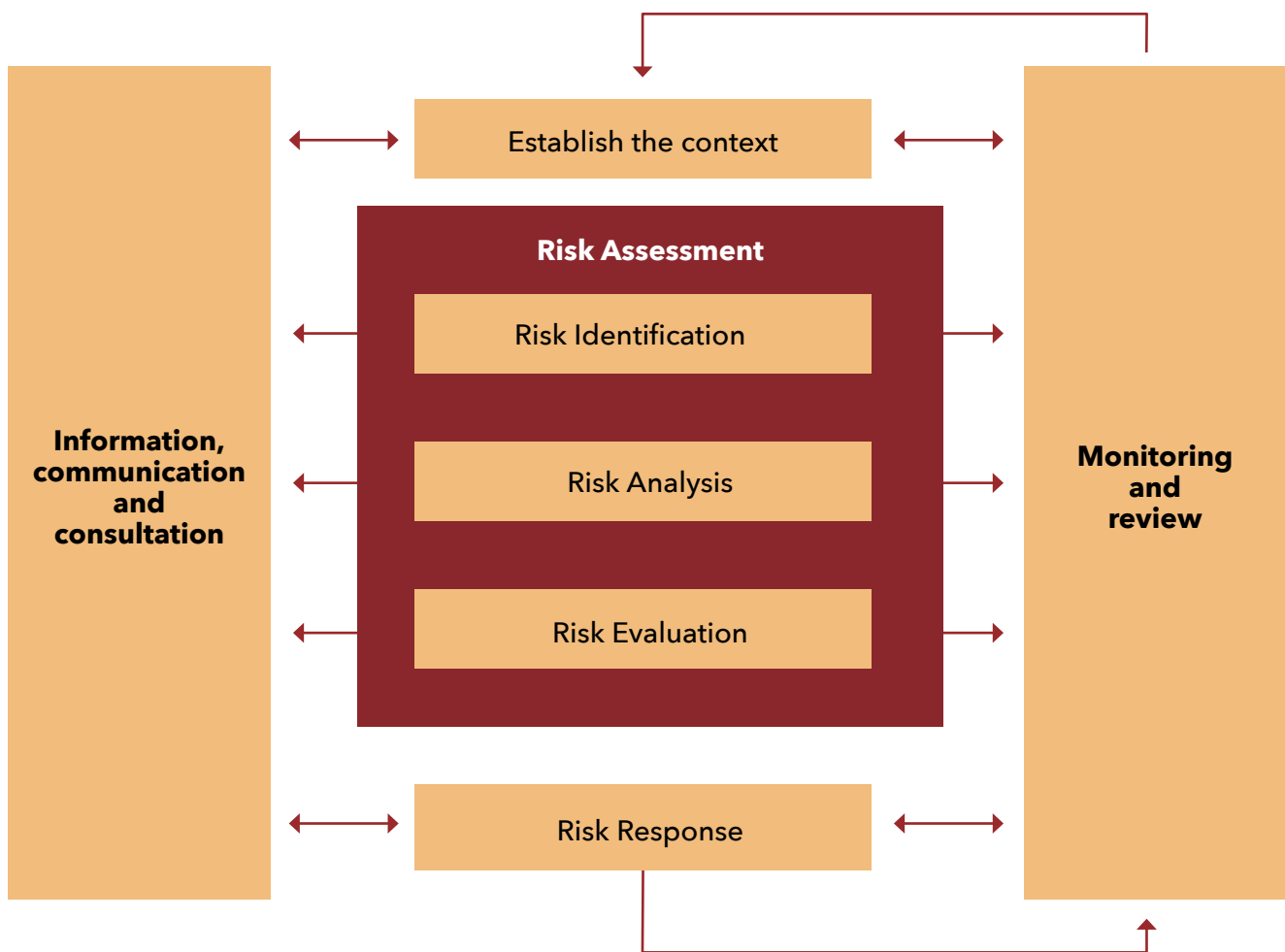
²International Organisation for Standardisation

Approach

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

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

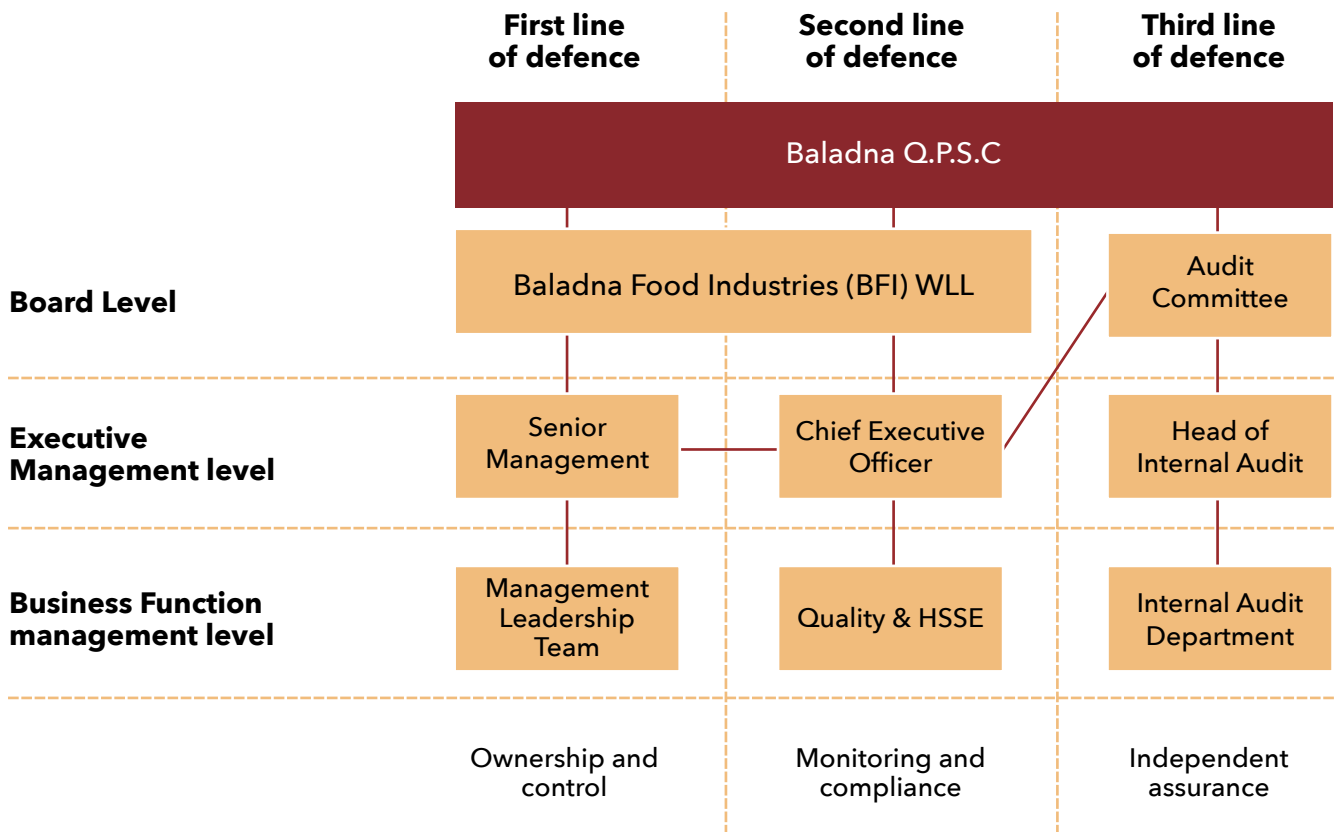
Baladna's Risk Management Process



Managing risk

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

Baladna’s Three Lines of Defence Model



Risk monitoring and reporting

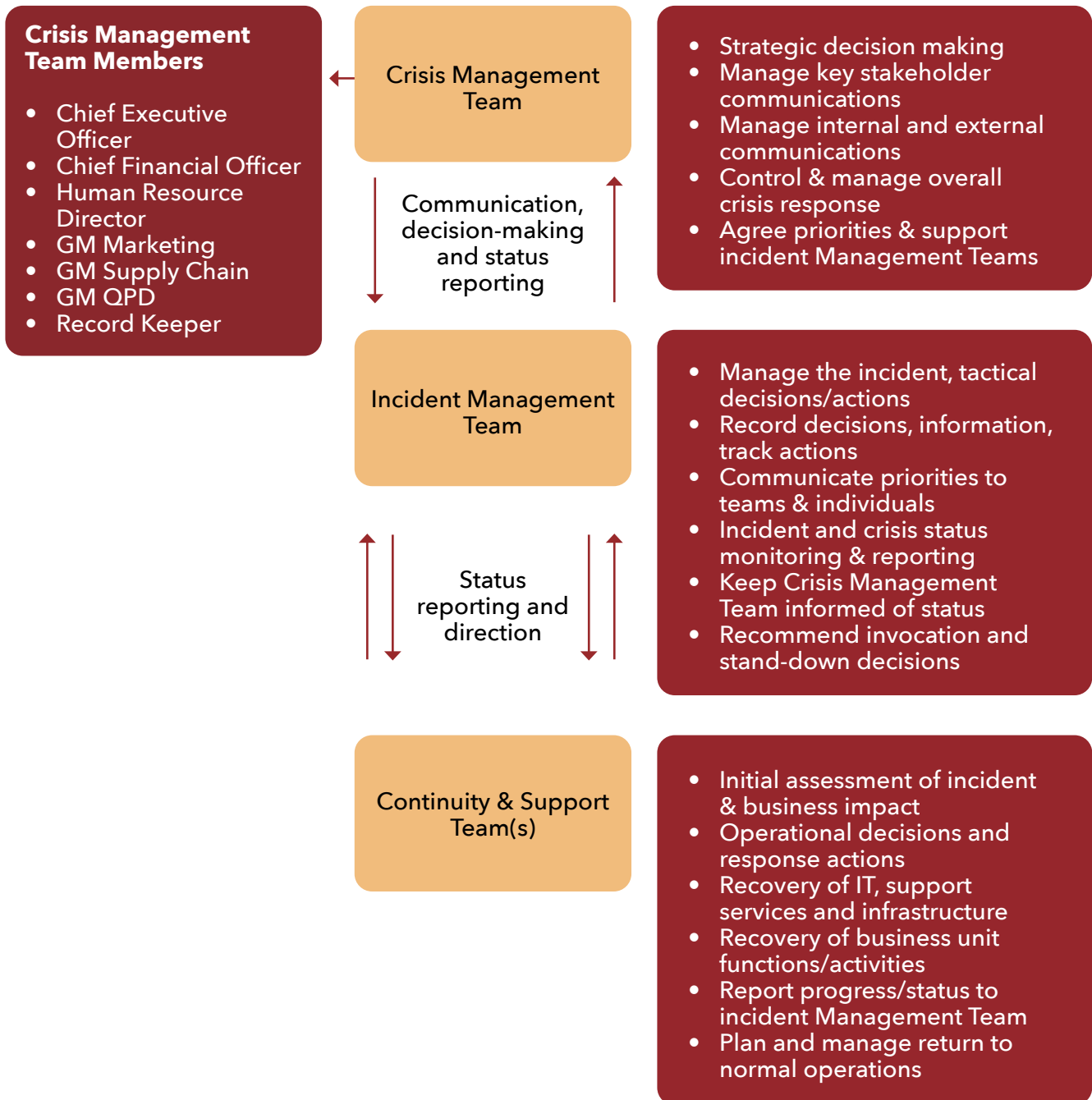
Baladna’s business risk register is reviewed quarterly by the Baladna Leadership Team for each business area. It is then consolidated and challenged by the Quality Department. The Quality Department presents the most significant risks that Baladna faces to the

Company’s Chief Executive Officer and Leadership Team. A map of Baladna’s Principal Risks and risk mitigation plans is reviewed and assessed, and this work serves as the basis for the presentations made to Baladna’s Audit Committee.

Baladna’s crisis management structure

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

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



Our People

The commitment of our staff to show exceptional resilience and strength in the face of a challenging operating environment caused by the COVID-19 pandemic has been invaluable. Their ability to adapt to these ever-changing circumstances has been admirable, and it is thanks to their wholehearted support and dedication that we have maintained and strengthened our position as the leader of the dairy and beverage sector in Qatar.

A caring employer

It has always been our highest priority to ensure the safety and well-being of our people, providing them with the support they need and acting as a fair and just employer. This has never been more important than during the last two years, as the impact of the COVID-19 pandemic has disrupted the lives and routines of every member of our team.

Our outstanding workforce of more than 1,750 people has rewarded this commitment. The standard to which they performed has been a source of great pride for Baladna, and our retention and recruitment a testament to their satisfaction and engagement.

During 2021, we ensured that our staff was as protected as it could be through a comprehensive immunisation

programme. Working on a structured campaign with the Qatari Government, we were able to achieve a 99% fully-vaccinated workforce. It was an outstanding result which showed the company's ability to act swiftly and the employees' trust in Baladna as their chosen vaccination site.

As well as the effects of the pandemic itself, many organisations found the restraints of adapting to a 'new normal' were some of the greatest challenges they had faced in generations. Inevitably, no companies escaped the ravages of COVID-19 but thanks in large to the employees at Baladna, we were able to overcome the most potentially damaging obstacles and kept the production and distribution activities moving efficiently and effectively all year long.

Our outstanding workforce of more than

1,750

people has rewarded this commitment. The standard to which they performed has been a source of great pride for Baladna



New opportunities

As Baladna continues its expansion in new products, new territories and new markets, there will obviously be a need for greater human resources, in terms of both numbers of employees and expertise. The Memorandums of Understanding with partners outside Qatar may well accelerate the need to restructure other business divisions and, by its very nature, our own. The imminent arrival of large-scale events such as the Qatar FIFA World Cup 2022 will also create a number of HR openings.

It is a direction we are enormously excited about and will provide us with the opportunity to provide new innovations and solutions to major new developments.

Our responsibility to ensure the smooth running of staff procedures already covers all aspects of the company's operations. From farming, manufacturing and sales to distribution, customer service and research, all services must be standardised and provide the greatest benefits to our teams. Our remit also caters to non-production employees, including health and safety, sustainability and CSR.

A culture of common goals

We have always believed that the most effective way to retain our workforce is to make our environment a place where every employee, regardless of their status or rank, feels included in Baladna's operations, ambitions and philosophy. Our values are consistently incorporated in everyday activities and our people appreciate that they work in a culture of respect, reward and recognition.

This common ground has the effect of collectively working towards the same goals and the desire to achieve our objectives. With regards to productivity, those values directly affect our employees' performance as their productivity rises and business goals are supported.

Throughout 2021, Baladna continued its policy of recognition of our staff's efforts and attainments and regularly showed its gratitude to those team members who went above and beyond expectations. Awards and certificates were not only a sign of our appreciation of an individual's achievements, but they were also a great incentive for their colleagues to reach new heights.

To help employees realise their full potential, we provided an extraordinary +20,000 training hours throughout the year. It was an ambitious target for 2021 but our mission to upskill our workforce in terms of productivity, management and technical capabilities proved a huge success. Our ethos of learning, development and engagement has been fundamental to the progression of Baladna as a company and our workers as a whole.

As well as a holistic approach to our staff in terms of Baladna as a single entity, our individual departments also played a part in taking on a more individual approach. Monthly activities were organised in order to facilitate team-building as well as informal lunch gatherings and non-work related events to encourage bonding.

Among these, national holidays and special occasions were celebrated, including Ramadan, Diwali, Christmas and New Year's and for employees staying in company accommodation other events such as Eid sports were also provided.

Baladna provided

+20,000
training hours
throughout the year

We do not make assumptions that these activities or any other measures we introduce are beneficial to our employees; we have a very special relationship with our workforce and we constantly listen to their opinions and proposals. Baladna has an active open-door policy where team members can voice their concerns or express their views as it is vital to us that we have stable and content workers and that they feel they can trust us and will be heard.

Regular feedback, satisfaction surveys and suggestions boxes are among the many ways we can measure the success of our strategies and implement new initiatives.

Our contributions to the nation

Many of Baladna's strategies will continue to be driven by the Qatar Vision 2030. Our growth and commitment to enriching the nation's economy is paramount. Likewise, our ongoing activities to serve as a champion of diversity and sustainability will have a profound effect on our commercial direction.

We strive to be an employer of choice for our existing and future workforce and will maintain our efforts to recruit and mentor more local talent to support the company's targets and contribute to Qatar Vision 2030 themselves.

Future ambitions and actions

For the coming year, we will be focusing on talent management in accordance with the expansion and diversification of Baladna's strategy for 2022. We are not looking to merely maintain a strong status quo, we will be playing a pivotal role in helping the company to achieve its growth targets.

With this development comes the need to prioritise succession management and develop our own department to face the new opportunities and challenges we will encounter. The company's employees are a linchpin in achieving its ambitions and we will build on even more expertise and experience to support that role.

We are confident that our exceptional employees will once again adapt to new changes in new markets and increase efficiency and quality delivery.

Working on a structured campaign with the Qatari Government, we were able to achieve a

99%

fully-vaccinated workforce. It was an outstanding result which showed the company's ability to act swiftly and the employees' trust in Baladna as their chosen vaccination site.

Sustainability

Baladna’s commitment to corporate sustainability and ESG is deeply imbedded in our strategy, operations and corporate culture, providing a foundation for our long-term growth and value creation for our business, society and nation.

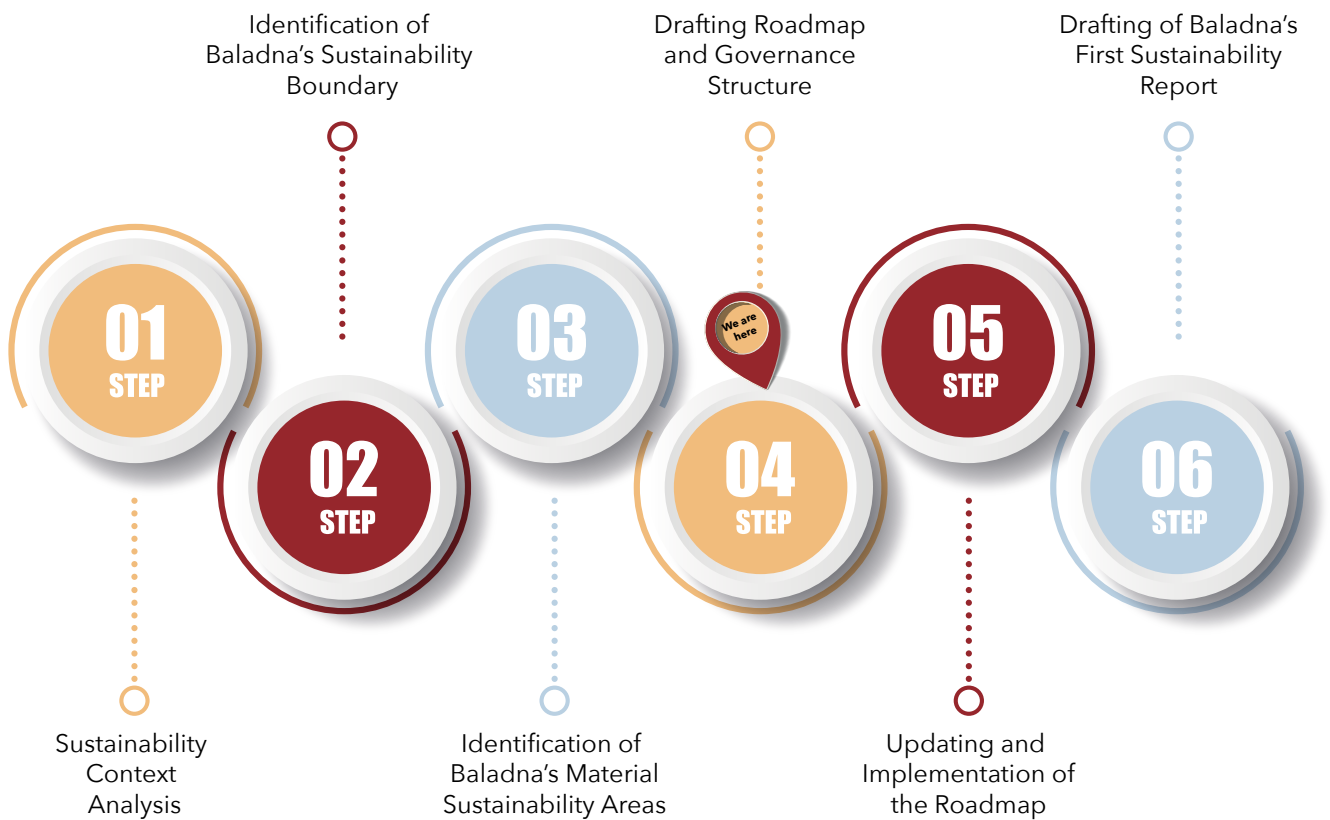
Through our robust approach to corporate governance and risk management, we conduct our business with integrity and comply with all applicable regulations, while striving to meet international standards and best practices.

During 2021, we took significant strides in institutionalising our overall approach to sustainability, while continuing fulfil our mandate as a responsible corporate citizen to minimise our impact on the natural environment, catalyse positive change for our society and fulfil our role in helping Qatar to achieve its commitments.

Our Sustainability Framework and Roadmap

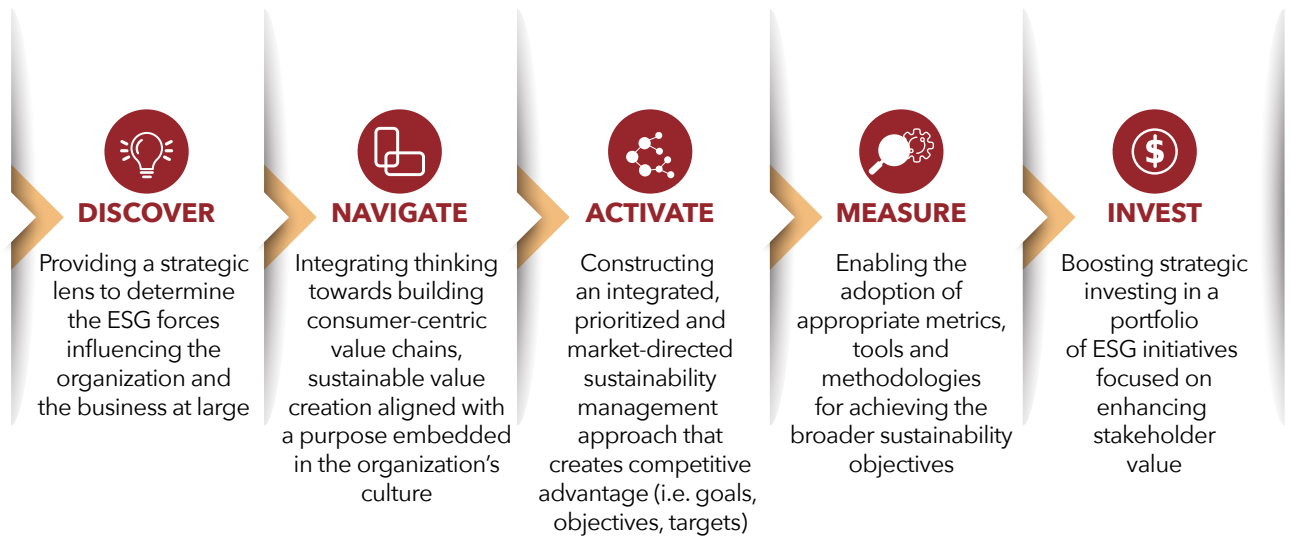
Baladna is on a strategic, long-term sustainability journey to fully understand topics of material importance for our business and all our stakeholders, and then building a comprehensive Sustainability Strategy and Framework, with associated initiatives and commitments, to fully leverage our resources and capabilities to create a more sustainable future for our business, community and environment.

During 2021, we took significant steps in this journey by assessing the current state ESG maturity level, benchmarking against comparable peers, and identifying the material sustainability topics. Through this process, Baladna is currently developing its sustainability framework and roadmap for the next 1-3 years.

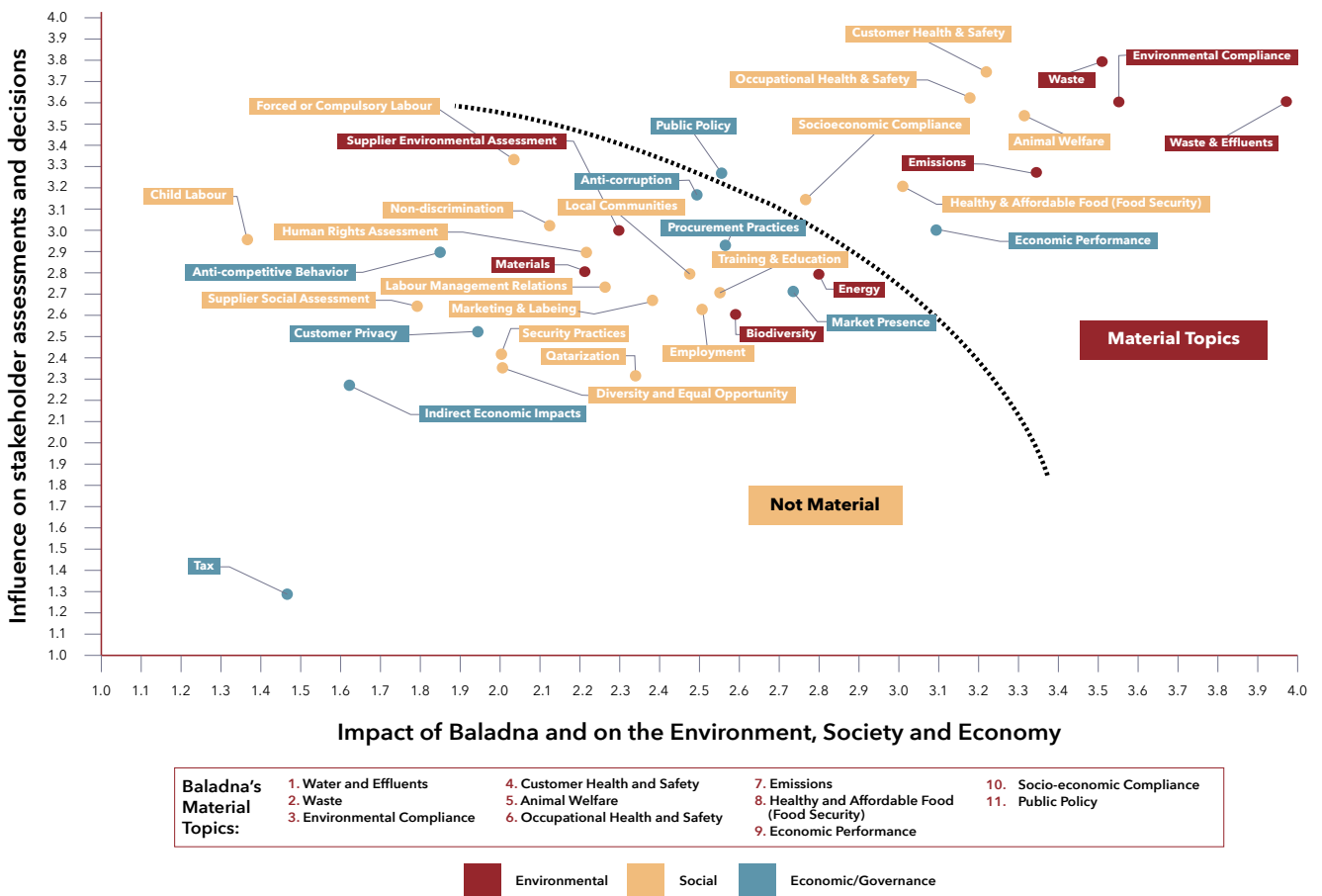


By developing a sustainability framework and a 3-year sustainability roadmap that elaborates on Baladna's strategic approach to sustainability management, Baladna will demonstrate its maturity in addressing sustainability challenges and how it plans on enhancing its sustainability performance year-on-year, achieving a triple win of economic, social and environmental gains for Baladna and its stakeholders.

Through this comprehensive process, Baladna will be properly positioned to:



As of year-end 2021, Baladna has engaged its internal and external stakeholders to successfully identify and map its material topics as per the below materiality matrix:



In the year ahead, Baladna will build off this solid knowledge base to progress our journey, implement our sustainability roadmap, develop our framework and move towards our first sustainability report, in order to align with best practices and keep all our stakeholders updated on our progress.

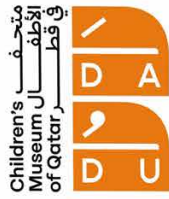
Contributing to Qatari Society

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

During 2021, we sponsored **Al Rayyan Football Club** to promote a healthy, active lifestyle for the people of Qatar through football and other sports. Al Rayyan Sports Club is a Qatari multi-sports club in the city of Al Rayyan fielding teams in a number of sports, such as football, futsal, basketball, volleyball, handball, athletics, table tennis and swimming. We also sponsored **Al Bidaa Football Club** to further promote football in the country. Furthermore, we Sponsored the 1st Al Thukhira Paddle Championship organized by Al Thakhira Youth Center as a main sponsor to promote new sport & healthy lifestyle among youth.



Dadu and Baladna signing ceremony



حفل توقيع دَدُّ وبلدنا



Baladna is a founding family member of **DADU, Children's Museum of Qatar** to support culture, literacy, and education for children. The museum aims to provide innovative child development settings and resources to support children, families, and educators to thrive and contribute to a sustainable future.

As a founding family member of Dadu, Baladna is contributing to a collective endeavor to enrich the wider community. Their backing and generosity support the museum to assist future generations to reach their full potential through tailored programs that optimize learning outcomes for children at each stage of their development."

As part of the collaboration, the Children's Museum of Qatar and Baladna plan to deliver online workshops for children aged 7 to 11 years old over the summer. The workshops will entail hands-on experiments in which children can learn how to make butter and biodegradable plastics.

Baladna also sponsored **Al Jassem Magazine for Children**, a positive publication for spreading and promoting culture among the children of all ages through the monthly national children's magazine called "Jassem Magazine."





To further support Qatari culture and heritage, Baladna sponsored **Emir Sword**, an annual Prestigious event organized by the His Highness Sheikh Tamim bin Hamad Al Thani, the Emir of Qatar. The event bring a great mix of local culture and tradition. Horse Racing is a tradition which had been followed for many generations in Qatar. In addition, we sponsored the **Qatari Society of Al Gannas**, a cultural association for hunters. Al Gannas represents Arab hunters in international and regional contests, organising events and providing support. The association includes the best facilities and equipment required for hunting, and encourages research and studies in the field.

Finally, Baladna supported a leading national foundation by sponsoring landscaping and irrigation work at **Qatar Foundation**, a non-profit organisation made up of more than 50 entities working in education, research and community development.

Dreama

The Orphans Care Center 'Dreama' has signed a partnership agreement with Baladna. Under the agreement, Baladna will provide products carrying the Dreama logo alongside the Baladna logo, and part of the profit from this product will go to Dreama.

The initiative comes as part of Dreama's efforts to extend partnerships with businesses and companies

operating in Qatar to support its activities in the areas of childcare and children's protection and rights.

Dreama was established in 2003 under the patronage of Her Highness Sheikha Moza bint Nasser to contribute towards achieving Qatar's vision of human and social development. Since then, the organization has played a vital role in providing care to orphans, children of anonymous parents or those who are deprived of natural families by providing programs to integrate them into the society and working with surrogate families, the statement noted.

World Doctors Day

Supporting the local community in relief and development services, Baladna extended its support to **Qatar red crescent society** through providing its dairy and juice product range on periodic basis. This included being part of 'Thank you doctors and volunteers' event 'held on World doctors Day.

Baladna Schools Educational Visits

Extending local support towards educational institutes, Baladna invites various schools for informative tour to Baladna farms and provides its Dairy/ Juice products to schools on request. Featuring on school magazines through ads has also been one of the key activities.

KidzMondo

Providing our support towards the education, Baladna continued to up with KidsMondo Doha which is an international edutainment park for children between 2 and 14 years, featuring a self-sufficient City built for, and managed solely by Children who will be known as Kidizens. Children will be attracted to go through the different establishments, while providing them with a mental and physical voyage of investigation, exploration and adults' role play led by highly qualified team of more than 115 educators, Kids will learn the complexities of the adult professional world.



Baladna park and visitors hall

Baladna Park is one of the top tourist attractions in Qatar, Tourism has been identified by the country's leadership as one of five priority sectors integral to **diversifying Qatar's economy and to increasing private sector participation**. You can learn about farm life in Qatar, and experience it. It is open to the public and has become popular with families and students, from an educational perspective.

Enjoy different educational and fun activities, watching cows being milked, indulge in Arabic inspired cuisine, play in the park different playgrounds and feed animals in the Animal zone. Baladna park gives everyone a chance to participate in their favorite outdoor activities in a peaceful nature wonderland..

Baladna Visitors Hall, given the opportunity to see the live milking of the cows through the state of the art milking facilities.



Protecting the Environment

The protection of our environment is an important part of our sustainability Practices. We acknowledge our responsibility as a dairy company to respect the environment in a sustainable way by keeping it clean and preserve the natural resources.

As the leading dairy and beverages producer in Qatar, Baladna aims to grow the business while reducing our impact on environment. We are committed to reducing greenhouse gas emissions, using resources efficiently and minimising our environmental footprint.

During 2021, Baladna established **state-of-art composting facility**, with the primary objective of reducing emissions of the greenhouse gas methane from dairy waste management. By composting organic waste (animal manure) and then selling it to agricultural facilities and farms for use as a fertiliser, these facilities and farms are able to reduce the application of chemical fertilisers and promote low carbon sustainable agriculture practice in the country.

Baladna's new composting facility includes specially designed organic waste collection system complete with pits, dewatering screens, screw press, composting area and turner to aerate and therefore support the compost process. The facility is designed to treat around 47.9 kt of waste annually and produce about 12.16 kt of organic compost per year, which is projected to result in an overall greenhouse gas reduction of annual CO₂ emissions of around 38,402 tCO₂e each year.

Applying environmentally-sustainable technology and processes, the new facility is expected to contribute to key sustainable development objectives, including promotion of sustainable agriculture, ensuring sustainable management of water, promoting full and productive employment and decent work for all, ensuring sustainable consumption and production patterns, and combating climate change by avoiding methane emissions into the atmosphere.

Baladna initiated a major project in 2021 focusing on minimizing our environment footprint. Our commitments in this respect include establishing a **new water treatment plant** that aims to eliminate the odors generated from the open lagoons, this initiative will create closed loop system for dairy effluent to improve the ecology by reusing water in cooling and flushing systems.

The System includes an initial separation step with 22,000 m³/day and recirculating 12,000 m³/day for barns flushing, floor cleaning and operate the sand manure separation process. The balance of 10,000 m³/day will be treated in MBR system followed by Polishing Reverse Osmosis plant and producing water which is going to replace the potable water used currently in the soaking and cooling systems.

The Project has been awarded to VEOLIA Water Technologies - the global leader in optimized resource management. This project marks a major milestone in the sustainability plan of Baladna and is considered as a major pillar for an environmental need for Al-Khor area.

In our commitment to the nation and its environment, Baladna pledged to **plant 5,000 trees**, in line with the 2021 "Sustainability" theme and in support of the government's efforts to reduce air pollutants and carbon dioxide emissions.

This initiative comes in further support of the nationwide campaign to plant 1 million trees, with the aim to preserve the environment, being one of the key pillars for the Qatar national vision 2030 and reinforce green growth across the nation. It also supports the Qatar's commitment to implement the Middle East Green initiative, "Desert Greening" that aims to defy the environmental challenges by advocating the importance of preserving the environment, and the important role of planting trees as a bottom line to the initiative, leading to a better quality of life eventually.



Governance

1. Board of Directors
2. Corporate Governance Report
3. Directors' Report on Internal Controls Over Financial Reporting (ICOFR)
4. Independent Assurance Report on the Compliance with the QFMA's Law and Relevant Legislations including the Governance Code for Companies and Legal Entities Listed on the Main Market
5. Independent Assurance Report on the Suitability of the Design, Implementation and Operating Effectiveness of ICOFR

جبنة
فاخرة

فيلينا

Premium
Cheese



Chairman's Foreword

Dear Shareholders,

2021 was a year where we experienced ongoing challenges related to COVID-19. As the pandemic continued to spread around the world, forcing many businesses to close, Baladna's leadership and front line teams acted quickly to prioritize the health and safety of our employees, clients, and consumers.

The challenges brought about by the pandemic tested the resilience and agility of our teams, who tackled them head on, focusing on costs, making transformative organizational changes, and introducing innovation and flexibility into the operating model. During 2021, we concentrated our efforts on addressing the challenges created by the pandemic. As a Board, we worked collectively using our range of skills and wealth of experience to identify solutions to quickly address the ongoing threats posed by the pandemic. In parallel, we continued to formulate our plans for a post-COVID normality.

Our executive management also maintained their oversight and constructive challenge of management on its implementation of Baladna's strategy and the Board's appetite for and management of risk. This balanced approach helped to ensure high standards of corporate governance were maintained; the management of the Company continued to be aligned with our purpose, strategy and values. Decisions taken by the Board prioritised the interests of Baladna's stakeholders and continued to be in the best interests of the Company as a whole.

I am confident that our unique culture of open book management and collaboration, our passion for quality, and our attitude - all of which have made this business successful in the past will continue to underpin Baladna's performance through 2022.

Moutaz Al Khayyat

Chairman of the Board

Board of Directors



Mr. Moutaz Al-Khayyat
Group Chairman

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

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

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

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



Mr. Mohamed Badr Al Sada
Vice Chairman

Mr. Mohamed Badr Al Sada has worked in different sectors including Oil and Gas, Investments and Telecommunications. He recently moved to the food sector, where he became the CEO of Hassad Food, which is owned by Qatar Investment Authority and invests only in the food sector.

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

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

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

Board of Directors (continued)



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

His Excellency Dr. Sheikh Faleh Bin Nasser Bin Ahmad Al Thani is the Minister of Environment and Climate Change as well as serves as the head of the Qatar National Food Security Programme. He has 19 years of experience in the agricultural and environmental sectors, as well as in the management of water resources. He is also experienced in investment projects with the Ministry of Municipality and Environment (MME). Dr. Sheikh Faleh has served as undersecretary of Agricultural and Fisheries Affairs at the MME since 2005.

From 2011 onwards, he has acted as the head of Qatar's permanent committee for the protection of underwater life. Since 2006, he acted as the head of the permanent committee for farms and wells affairs. Dr. Sheikh Faleh is the Chairman of National Food Company NAFCO a subsidiary of HASSAD Food.

Throughout his career, he has represented the government in various delegations and missions, in both regional and international forums relating to the agricultural sector. He has represented the government before leading organisations and during events, such as the FAO ASIAN, AOAD, ICARDA, IFAD and ACSAD.

Furthermore, he has presented academic research papers at international conferences, workshops, and conventions. The research relates to water desalination through the use of solar energy as well as increasing agricultural productivity.

Dr. Sheikh Faleh holds two PhDs, one in Water Resources Management and another in Solar Water Desalination, both from the University of Hertfordshire in the United Kingdom.



Mr. Ramez Al- Khayyat
Board Member/Managing Director

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

In 2011, he and his brother, Mr. Moutaz Al Khayyat, founded Urbacon Trading & Contracting (UCC) in Qatar, as second generation owners.

Mr. Ramez Al Khayyat runs the privately held company and holds the position of Managing Director. UCC has constructed many internationally renowned projects.

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

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

The companies have grown horizontally by creating various affiliates. These operate worldwide in countries including Qatar, Europe, the UK, Turkey, Oman and the Maldives, with plans for further expansion.



**Mr. Hamad Bin Abdullah
Bin Khalid Al-Attiya**
Board Member

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

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

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



Mr. Mazen Alsbeti
Board Member

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

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



Mr. Aidan Tynan
Board Member

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

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

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

Mr. Tynan holds a Master's degree in Management from York University in the UK, in addition to being a Graduate of the Chartered Institute of Marketing, UK, and a Graduate of the Marketing Institute of Ireland.

Mr. Tynan is currently an Executive Director of 2 Irish property-related companies: Buildvalue Limited and Exhibitside Limited.

Corporate Governance Report

Introduction

This Corporate Governance Report (hereinafter “the Report”) covers the period from 01 January 2021 to 31 December 2021 (hereinafter “the Period”) and is prepared pursuant to article (4) of the Corporate Governance Code for Companies and Legal Entities listed on the main market, issued by Qatar Financial Markets Authority’s (QFMA) Board pursuant to Decision No. (5) of 2016. The Report forms a part of Baladna’s Annual Report for the same period.

This report gives an overview of Baladna’s corporate governance systems and procedures as of 31 December 2021. It has been filed with Qatar Financial Markets Authority (QFMA) and posted on Qatar Stock Exchange (QSE) website and Baladna’s website.

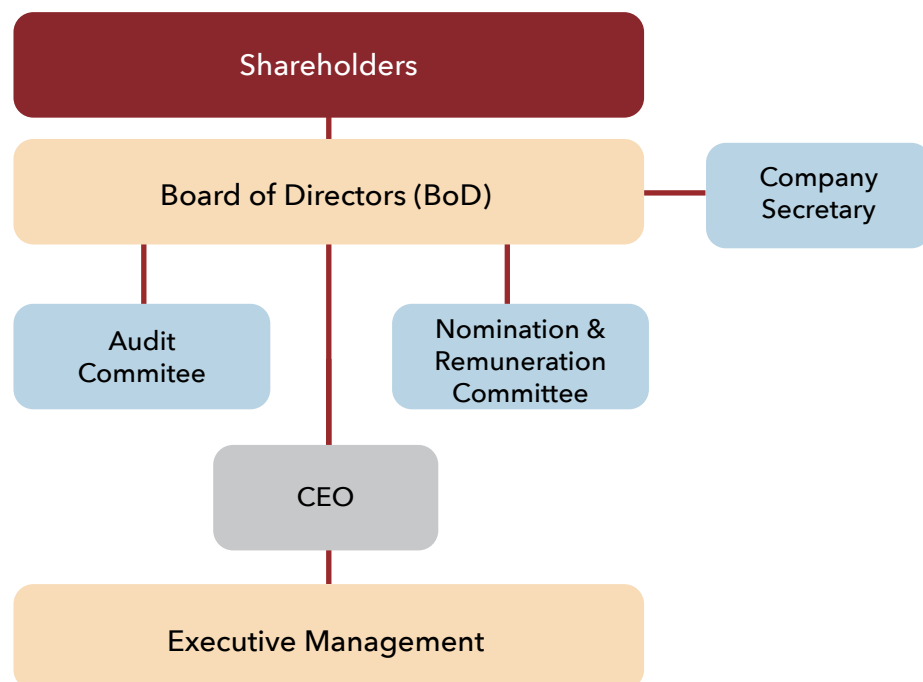
Baladna’s Governance Practices

Baladna QPSC is committed to the application of the principles of corporate governance to the highest level, and has derived its values from a system which integrates ethics, corporate integrity and leading compliant practices. Transparency, fairness, disclosure and accountability have been central to the working philosophy of the Company, its management and the Board of Directors.

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

Furthermore, Baladna is keen on strengthening its corporate governance framework in compliance with the requirements of governance rules and related laws and regulations set by QFMA through the Company’s Articles of Association, establishment of the Board’s and sub-committees’ charters, the Company’s policies and procedures, and through the implementation of best practices adopted in the State of Qatar. As outlined in the report, we at Baladna affirm that we abide by the provisions of governance rules, disclosure requirements and related regulations issued by QFMA

Baladna’s Governance Structure



Corporate Governance Principles

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

- During the period a total of 6 meetings were held periodically and convened by the Board of Directors. Furthermore, the Board committees held periodic meetings i.e., the Audit Committee held 6 meetings, the Nomination and Compensation Committee held 4 meetings and the Shariah Compliance Committee held 2 meetings. Both the BoDs and its Committees discharged their responsibilities according to the powers granted to them.
- The Audit Committee and the Board of Directors conducted reviews over the system of financial controls and its governing accounting and financial policies to ensure proper application of such policies and procedures.
- It has been ensured that the transactions carried out by the Board members and senior officers are in compliance with the prevailing laws and regulations.
- During the period, the Company adhered to the regulations concerning the transparency in disclosures made, including the disclosures of the Board's meeting dates and any decisions that might have an effect over the share price.

Board of Directors Disclosure

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

The below table shows the Company's shares owned by the Board of Directors as of 31 December 2021:

Board Member Name	Position	Total Shares as of 31 December 2021
Mr. Moutaz Al Khayat	Chairman	237,475,000
Mr. Mohammed Badr Al Sada (representing Special Shareholder/Hassad Food)	Vice Chairman	-
Mr. Ramez Al Khayat	Board Member / Managing Director	237,485,000
His Excellency Sheikh Faleh Bin Nasser Bin Ahmad Al Thani (representing Special Shareholder/Qatar Food Security Committee)	Board Member	5,000
Mr. Hamad Bin Abdullah Bin Khalid Al Attiya (representing Special Shareholder/GRSIA)	Board Member	-
Mr. Mazen Alsbeti	Board Member	100,000
Mr. Aidan Tynan	Board Member	-

The Board of Directors Structure & Composition

The Board of Directors was appointed at the Constitutive General Assembly Meeting held on

26 November 2019 for a term of 5 years. The Board is composed of seven members. Their details are as follows:

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

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

Special Share

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

over decisions taken by the Company, by the Ordinary General Assembly, Extraordinary General Assembly, or the Board of Directors. The following acts may not be taken by the Company unless approved by the Special Shareholder: any merger or amalgamation involving the Company, or a material sale of its assets; the dissolution of the Company; and some amendments to the Company's Articles.

Board Members representing Special Share:

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

Board of Directors' Membership

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

Board Member	Company / Entity	Position
Mr. Moutaz Al Khayyat		
Mr. Mohammed Badr Al Sada (representing Special Shareholder / Hassad Food)	<ul style="list-style-type: none"> Widam Arab Qatari for Poultry Production - Al Waha Qatar Development Bank QDB The Arab Company for Livestock Development (ACOLID) Al Hosn Investment Company SAOC (Oman) 	<ul style="list-style-type: none"> Chairman of the Board Vice Chairman Board Member Board Member Board Member
Mr. Ramez Al Khayyat		
His Excellency Dr. Sheikh Faleh Bin Nasser Bin Ahmad Al Thani (representing Special Shareholder/Qatar Food Security Committee)	<ul style="list-style-type: none"> National Food Company (subsidiary of Hassad) 	<ul style="list-style-type: none"> Chairman of the Board
Mr. Hamad Bin Abdullah Bin Khalid Al Attiya (representing Special Shareholder / GRSIA)	<ul style="list-style-type: none"> Al Madina Logistics Services (SAOC) (Oman) Qatar Quarries and Building Materials Co 	<ul style="list-style-type: none"> Board Member Board Member
Mr. Mazen Alsbeti		
Mr. Aidan Tynan		

Directors' Remuneration and Sitting Fees

Total Remunerations proposed to be paid to the Board of Directors in 2021.* QR 1,147,563

The Board of Directors sitting fees for attending meetings during 2021 from 1 January 2021 to 31 December 2021, for attending a total of 19 meetings including Board meetings, its related Committees meetings and 1 General Assembly meeting.* QR 874,000

* Subject to General Assembly approval

Total Sitting fees of QR 874,000 were paid to the Board of Directors for the year 2021 for the period from 1 January 2021 to 31 December 2021 for attending a total of 19 meetings, including Board meetings, its related Committee meetings and one Extraordinary General Assembly meeting.

The details are in the following table:

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

** Committee member with technical expertise "Not a Board member"

- Mr. Murad Sahawneh replaced Mr. Ahmed El Zeftawi since March 2021.

Board of Directors' Meetings:

The following table lists the Board of Directors' meeting attendance during the year 2021 for the period from 1 January 2021 to 31 December 2021:

Meeting No.	Date	Mr. Moutaz Al Khayyat	Mr. Mohammed Badr Al Sada	Mr. Ramez Al Khayyat	His Excellency Dr. Sheikh Faleh Bin Nasser Bin Ahmad Al Thani	Mr. Hamad Bin Abdullah Bin Khalid Al Attiya	Mr. Mazen Alsabeti	Mr. Aidan Tynan
1/2021	17/3/2021	■	■	■	■	■	■	■
2/2021	27/4/2021	■	■	■	■	■	■	■
3/2021	4/7/2021	■	■	■	■	■	■	■
4/2021	11/8/2021	■	■	■	■	■	■	■
5/2021	28/10/2021	■	■	■	■	■	■	■
6/2021	27/12/2021	■	■	■	■	■	■	■

■ Attended ■ Attended by proxy

Furthermore, during the above-mentioned period, the Board of Directors issued 4 Board Resolutions by circulation on the following dates:

Board Resolution By Circulation Number	Date	Presented and Discussed in Board Meeting No.
1/2021	1/2/2021	1/2021
2/2021	11/3/2021	1/2021
12/2021	8/6/2021	3/2021
14/2021	12/7/2021	4/2021

Duties and Responsibilities of the Board of Directors

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

This role has been fully illustrated through the Articles of Association of the Company and its relevant bylaws, the Commercial Companies Law No. (11) for 2015 and the Corporate Governance Code for Companies and Legal Entities listed on the main market issued by Qatar Financial Markets Authority, in particular articles (8) and (9), which were incorporated in the Board of Directors Charter. The following are the responsibilities of the Board of Directors as per the Board of Directors Charter:

- Oversee the Company's management in the optimal way.
- Ensure compliance with relevant laws, regulations, rules and the Company's Articles of Association.
- Protect the Company from illegal, arbitrary or inappropriate business and practices.
- Each board member should discharge duties with good faith, seriousness and concern, and its decisions must be based on adequate information from the executive management, or from any other reliable source.
- Each board member represents all shareholders and adheres to what is in the best interest of the Company.
- The Board must specify the powers that it delegates to the executive management, the procedures for making decisions and the duration of the delegation. The Board also determines the issues it retains the power to decide on, and the executive management submits periodic reports on its practices of

delegated powers.

- g. The Board ensures that procedures are in place to familiarise the new board members with the Company's work, especially the financial and legal aspects, in addition to training them if necessary.
- h. Ensures that the Company provides sufficient information about its affairs to all members of the Board in general and Non-Executive board members in particular, in order to enable them to carry out their duties and tasks efficiently.
- i. The Board submits a detailed statement of transactions and deals with any related party in the event that the related party has an interest that may conflict with the Company's interest, at least a week before the date specified for the General Assembly meeting, by considering the Company's budget and the Board's report of shareholders.
- j. Follows up on developments in the field of corporate governance and the application of best practices in this regard.
- k. Ensures that all disclosures made by the Company are accurate, correct and not misleading.
- l. Ensures that employees are treated according to the principles of justice and equality without any discrimination on the basis of race, gender or religion.
- m. Adopts a mechanism that allows employees to report suspicious, illegal or harmful behaviours in the Company. The Board ensures that the complaint is safe and reliable, and ensures that the confidentiality of the complainant is maintained. The Board ensures the complainant receives the necessary protection from any form of retaliation. This includes, but is not limited to, protection from retaliation in the form of an adverse employment action such as termination, compensation decreases, or poor work assignments and threats of physical harm.
- n. Prepares an annual detailed statement that is submitted to shareholders a week prior to when the general assembly convenes to consider the Company's budget and the Board of Directors' report, so that it includes the following data:

1. All the sums obtained by the Chairman of the Company's Board of Directors, and every member of this Board in the fiscal year, from wages, fees, and salaries, in exchange for attending the meetings of the Board of Directors and an allowance for expenses, and any other sums in any capacity.
2. In-kind and cash benefits enjoyed by the Chairman of the Board of Directors, and every member of the Board of Directors in the fiscal

year.

3. The rewards that the Board of Directors proposes to distribute to its members.
4. The amounts allocated to each current board member.
5. Operations in which a member of the Board of Directors or managers has an interest that conflicts with the Company's interest.
6. The exact sums spent for the sake of advertising in any form, with the details of each amount.
7. Donations with an indication of the entity that was donated and the reasons for the donation and its details.

Board Activities during the period from 1 January to 31 December 2021

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

Baladna held its Annual General Assembly meeting on 20 April 2021 and the following decisions were taken:

1. The General Assembly approved the Chairman's report on the Company's activities and the financial position for the financial year ended 31 December 2020, and the company's business plan for the year 2021.
2. The General Assembly approved the External Auditor's report on the Company's Financial Statements for the year ended 31 December 2020.
3. The General Assembly approved the Company's consolidated and audited financial statements, for the financial year ended 31 December 2020, including the profit and loss, and balance sheet statements.
4. The General Assembly approved the proposal of the Board of Directors to distribute dividends at a rate of 5.3% of the nominal value of the share for the year ended 31 December 2020.
5. The General Assembly approved discharging members of the Board of Directors from any liability relating to their directorship duties and responsibilities for the financial year ended 31 December 2020 and approved the Board's recommendation to award bonuses to the Board members for the financial period ended 31 December 2020.
6. The General Assembly approved discharging the external auditors from any liability relating to their duties and responsibilities for the financial period ended 31 December 2020.
7. The General Assembly approved the appointment of Moore Stephens as the

Company's auditors for the financial year 2021 and approved their fees as per the Board's recommendation.

8. The General Assembly approved the Company's Corporate Governance Report for the year 2020 and approved the Annual Report for the year ended 31 December 2020.

During the year 2021, Baladna held its regular Board meetings where the following decisions were taken:

- Approve the Company's governance documents, including but not limited to approve any updates to the Board and Committee Charters, policies, procedures and Delegation of Authority
- Approve the business plan of the Company for the years 2021, 2022 and 2023, as well as the budget and financing plan for 2021
- Approve the establishment of a factory for Evaporated Milk. Signed a MOC (Memorandum of Collaboration) with Malaysia state owned FELCRA Berhad and FGV Holding. The aim is to produce 100 million litres of fresh milk within the first year of operation.
- With Baladna's expansion strategy, signed MoUs with selected geographically important markets outside Qatar.

1- Board of Directors Evaluation

During the year, the Board of Directors conducted a semi-annual and annual evaluations of the Board's overall performance, Board members, Board Committees, the executive management members and the extent to which the Board is committed to achieving Baladna's best interests, as the Board of Directors is collectively responsible for overseeing the effective management of the company and is responsible for developing strategic policies and objectives, effectively monitoring the performance of the company and its subsidiaries, and ensuring succession planning for management. In addition to protecting shareholders' rights and long-term development. In particular, the following criteria was considered in evaluating the performance of the Board of Directors:

- a. Number of meetings held annually
- b. Periodicity of the meetings held annually
- c. Percentage of attendance of meetings held annually
- d. Prompt and efficient completion of the issues on the Board's agendas
- e. The extent to which the Board of Directors has complied with the transparency and disclosure requirements

- f. Interacting with the Board's committees and implementing their recommendations
- g. Achieving plans, objectives, and compliance with the adopted policies
- h. Any other measures that require the Board's assessment and objectivity

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

2- Board Member's Continuous Development

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

3- Company Secretary

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

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

Qualifications:

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

4- Board Committees

The Board has established 3 Board Committees:

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

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

5- Audit Committee

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

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

- Monitoring the integrity of Baladna's financial statements and any formal announcements relating to the Company's financial performance, as well as reviewing significant financial reporting judgements that they contain.
- Reviewing Baladna's internal controls, risk management and compliance with the relevant regulations.
- Establishing, monitoring and reviewing the effectiveness of the Company's Internal Audit department, systems and processes.
- Making recommendations to the Board in relation to the appointment, reappointment, resignation, discharge and remuneration of the external auditor and ensuring a timely response

by the Board on the matters contained in the external auditor's letter.

- Reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements.
- Developing and implementing guidelines on the engagement of the external auditor to supply non-audit services.
- Reporting to the Board on matters that in the Committee's opinion require action or improvement and providing recommendations on the necessary steps required to achieve such improvement.
- Reviewing the whistleblower system whereby employees can anonymously notify their doubts on potential abnormalities in the financial report or internal controls or any other matter and ensuring proper arrangements for independent and fair investigations of such matters.
- Reviewing any related party transactions and reviewing compliance with such rules for the conduct and approval of such transactions.
- Determining the appointment, compensation, benefits, performance appraisal, discipline, replacement, reassignment, or dismissal of the Head of Internal Audit.

In 2021, the Committee completed a number of major works including:

- Reviewed the annual and quarterly internal audit reports regularly.
- Reviewed the annual disclosure results for 2021.
- Approved the internal audit department plan based on risk for 2021.
- Endorsed quarterly financial statements and reviewed the annual financial statements and submitted a recommendation to the Board
- Reviewed the updates on Baladna Internal Audit charter, Code of Conduct, whistleblowing policy, Board Governance Charter and any new Policies, and referred them to the Board for approval.
- Approved the budget of the internal Audit department for 2021.
- Reviewed the Corporate Governance report and ensured full compliance with QFMA requirements and submitted it to the Board for approval.

The Audit Committee members are:

Mr. Aidan Tynan

Audit Committee Chairman

Mr. Aidan Tynan specialises in business turnarounds and has a proven track record of success across the GCC and Middle East. He has over 30 years of general management experience across multiple sectors including Dairy, Food, Leisure, Retail, Insurance, E-commerce Property Development, and Acquisitions.

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

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

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

Mr. Hamad Bin Abdullah Bin Khalid Al Attiya

Audit Committee Member

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

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

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

Mr. Hassan Morad Agha

Audit Committee Member

Mr. Hassan Morad Agha brings over 25 years of experience in areas of Internal Audit, Internal Control, Compliance, Enterprise Risk Management, Corporate Governance, Strategy, Board-level Communication, Business Advisory, Project Management and Resource Management; in different business segments mainly in Heavy Industries, Manufacturing, Real-Estate Development, Construction, EPC, FMCG, Hospitality and Logistics. Mr. Agha worked for Gulf General Investment Co. P.S.C. in the UAE, a public stock company listed on the Dubai Financial Market "DFM". He joined them in 2014 as the Group Head of Compliance and Internal Control, reporting to the Audit Committee and the Board of Directors, in addition to his role as the Company's Secretary, working closely with the Board of Directors.

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

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

The Chairman of the Audit Committee, Mr. Aidan Tynan, acknowledges responsibility for discharging the Audit Committee's mandate at Baladna including the review

of its work mechanism and ensuring its effectiveness in line with the approved charter of the Audit Committee.

During 2021, 6 Committee meetings were held as follows:

Meeting No.	Date	Mr. Aidan Tynan	Mr. Hamad Bin Abdullah Bin Khalid Al-Attiya	Mr. Hassan Morad Agha
1/2021	15/3/2021	■	■	■
2/2021	26/4/2021	■	■	■
3/2021	5/7/2021	■	■	■
4/2021	11/8/2021	■	■	■
5/2021	28/10/2021	■	■	■
6/2021	26/12/2021	■	■	■

■ Present ■ Absent

6- Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible for the review of Baladna's HR framework and compensation programmes. The Committee makes recommendations to the Board on the remuneration,

allowances and terms of service of the Company's senior executives to ensure they are fairly rewarded for their individual contribution to Baladna. 2 committee members are Non-Executive Directors of the Board while 1 member is independent from the Board.

The Nomination and Remuneration Committee members are:

Mr. Mohamed Badr Al Sada

Committee Chairman

Mr. Mohamed Badr Al Sada has worked in different sectors including Oil and Gas, Investments and Telecommunications. He recently moved to the food sector, where he became the CEO of Hassad Food, which is owned by Qatar Investment Authority and invests only in the food sector.

Mr. Al Sada has been working in the capacity of Chief Executive Officer of Hassad Food since June 2017.

Prior to that, he served as the Chief Operating Officer for Vodafone Qatar and Chief of Business Development at the same company. Before that, he worked in a senior role for Qatar Investment Authority. He also started his career as an engineer for one of the major companies in the gas sector in Qatar, spending 2 years in Japan during the development of the Dolphin Energy project.

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

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

Mr. Mazen Alsbeti

Committee Member

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

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

Mr. Murad Sahawneh

Committee Member

Mr. Murad Sahawneh is a senior management executive and a global HR thought leader with progressive and hands-on experience in all functional areas of Strategic Human Resource and Digital Transformation Management. His forward-thinking leadership enables organisations to embrace change and take employee experience to the next level.

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

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

Roles and Responsibilities

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

- Ensuring that Independent Non-Executive Directors remain independent on a continuous basis.
- Reviewing the potential for conflicts of interest and judgement, and that there are appropriate safeguards against such conflicts.
- Formulation and annual review of remuneration, benefits, incentives of the CEO and senior executives, and that the remuneration and benefits given to senior management are reasonable and in line with the Baladna’s performance.
- Consideration and submission for Board approval proposals on remuneration adjustments, performance bonus, long term incentives etc.
- Driving the performance based remuneration culture within the Company through an annual performance review of Baladna’s senior executives and succession planning.
- Determination of Baladna’s needs for qualified staff at the level of senior executives and the basis of selection.

- Review and approve Qatarisation strategy, with a work plan for the strategy and how it will be implemented.
- Reviewing the remuneration policy and training policy to encourage the development and growth of Qatari national employees.
- Reporting to the Board on matters that in the Committee’s opinion require action or improvement and providing recommendations.
- While it is the Committee’s responsibility to exercise independent judgement, it does request advice from management and third-party independent sources as appropriate, to ensure that its decisions are fully informed given the internal and external environment.

The Chairman of the Nomination and Remuneration Committee, Mr. Mohamed Badr Al Sada, acknowledges responsibility for discharging the Nomination and Remuneration Committee’s mandate at Baladna, reviewing of its work mechanism and ensuring its effectiveness in line with the approved charter of the Nomination and Remuneration Committee. During the year, 4 Nomination and Remuneration Committee meetings were held:

Meeting No.	Date	Mr. Mohamed Badr Al Sada	Mr. Mazen Alsbeti	Mr. Murad Sahawneh
1/2021	9/3/2021	■	■	■ *
2/2021	15/3/2021	■	■	■
3/2021	21/6/2021	■	■	■
4/2021	4/8/2021	■	■	■

■ Present ■ Absent

* Mr. Ahmed El Zeftawy a former committee member resigned on March 10, 2021 and Mr, Murad Sahawneh was appointed.

7- Shariah Supervisory Committee

Baladna QPSC is supervised from a Shariah perspective by a Shariah Supervisory Committee which is appointed by Baladna's Board of Directors.

The Committee consists of renowned and qualified Shariah scholars who are independent of the Company and its Board of Directors:

The Shariah Supervisory Committee members are:

Prof. Dr. Sheikh Ali Al Qaradaghi

Committee Chairman

Prof. Dr. Sheikh Ali Al Qaradaghi is currently a Professor of the Principles of Islamic Jurisprudence in Qatar University, and the Secretary General of the International Union of Muslim Scholars (IUMS).

He holds several professional positions including: Vice President of the European Council for Fatwa and Research, Chairman of the Board of Trustees of the University of Human Development in Iraqi Kurdistan, President and an Executive Member of the Fatwa and Shari'a Supervisory Board for a number of Islamic banks, and insurance companies in the Arabian Gulf and other regions.

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

Pr. Dr. Sheikh Ali Al Qaradaghi received his PhD with honors in Shari'a and Law from Al Azhar University in the field of contracts and financial transactions in 1980.

Dr. Sheikh Walid Bin Hadi

Committee Member

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

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

Mr. Eyad Abulrahim

Committee Member

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

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

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

The Committee is also responsible for the following:

1. Providing Islamic advice and guidance at the request of the Company’s management.
2. Reviewing the statutory auditors reports and ensuring their application with the rules of Islamic principles and submitting a report to the Board of Directors on this matter.

3. Determining whether the contracts and transactions offered to them are compatible with Islamic Shari’a.
4. The Committee submits its periodic reports on the results of its work, and its recommendations to the Board of Directors for approval.

The Chairman of the Shariah Supervisory Committee, Pr. Dr. Sheikh Ali Al Qaradaghi, acknowledges responsibility for discharging the Committee’s mandate at Baladna, reviewing its work mechanism and ensuring its effectiveness in line with the approved Committee charter. During the 2021 financial year, the Shariah Supervisory Committee held 2 Shariah Supervisory Committee Meetings:

Meeting No.	Date	Pr. Dr. Sheikh Ali Al Qaradaghi	Dr. Sheikh Walid Bin Hadi	Mr. Eyad Abulrahim
1/2021	14/3/2021	■	■	
2/2021	14/11/2021	■	■	■

■ Present ■ Absent

* Mr. Eyad Abdulrahim was appointed as a committee member on August 25, 2021.

Delegation of Authority

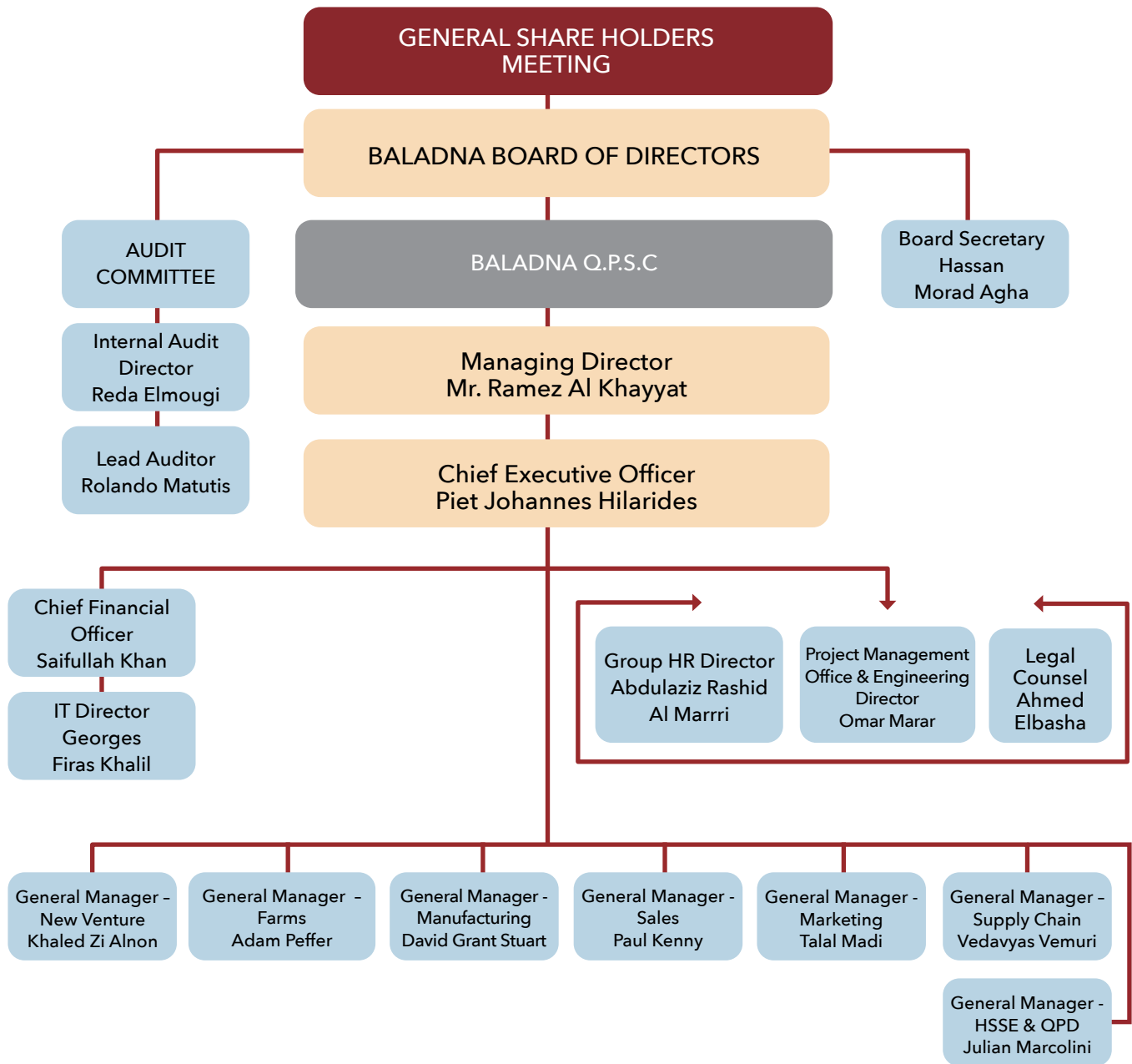
The Board is and shall remain responsible for the overall governance of the Company and for those matters that are reserved for the Board. The Board provided the Chairman and Vice Chairman with powers and authorities on behalf of the Board with the right of delegation. The Board, under Special Power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

- Manage the Company and its subsidiaries’ operations.
- Represent and manage the Company and its subsidiaries in all transactions and documents before the Government.
- Sign all contracts and agreements on behalf of the Company inside and outside of Qatar.
- Represent the Company in any manufacturing and/or distribution deals.

- Represent the Company before the banks for opening and closing accounts, applying for loans and financial facilities, and signing LCs, bank guarantees, and other bank documents.
- Incorporate companies and branches within Qatar and abroad and sign their Articles of Association.

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

Macro Organizational Chart



Executive Management



Mr. Piet Hilarides
Chief Executive Officer

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

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



Mr. Saifullah Khan
Chief Financial Officer

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

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

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



Mr. Adam Douglas Peffer
General Manager - Farms

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

Mr. Peffer has over 22 years of experience in farm management in conjunction with Business Management in setting and achieving production and financial targets.



Mr. David Stuart
General Manager - Manufacturing

Mr. David Stuart leads the Manufacturing and Plastics operations at Baladna and brings more than 3 decades of experience working in the food industry, including over 15 years in the GCC, covering Fast Moving Consumer Goods, Foodservice and Ingredients. Prior to joining Baladna, Mr. Stuart held senior operational roles with Almarai Company.

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



Mr. Khaled Zialnon
General Manager - New Ventures

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

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

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



Mr. Julian Marcolini
General Manager - Quality,
Product Development, Health &
Safety, Security and Environment

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

Mr. Marcolini is an accomplished senior management professional, with more than 20 years' experience in the areas of Quality, Food Safety, Manufacturing, Supply Chain and Continuous Improvement.

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

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



Mr. Firas Khalil
Information Technology
Director

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

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

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



Mr. Omar Marar
Project Management
Office & Engineering
Director

Mr. Omar Marar is responsible for construction and engineering projects at Baladna. As a professional risk and claims expert, he has oversight of Baladna's project life cycles including all aspects of planning, programming, tendering, and progress monitoring.

Mr. Marar has over a decade of experience in strategic planning and project control and analysis, contributing to the successful delivery of major construction projects across the Middle East, Africa, and Europe.



Mr. Vedavyas Vemuri
General Manager - Supply
Chain

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

Mr. Vedavyas is an experienced Operations and Technical Business leader with a good track record in multinational companies like Cadbury, Unilever, Perfetti Van Melle, Friesland Campina and Fonterra with both Regional and Country roles. He was the Operations Director for Fonterra.

He has 11 years proven result-orientated experience in Foods - Dairy, 11 years in Chocolate and Confectionery, 1 year in Beverages, and nearly 5 years in Pharmaceuticals delivering the P&L responsibility at a gross margin level to the Key accounts and Distributors. He has handled the entire Supply chain for more than 25 years at a management team level in 7 countries - India, Thailand, Malaysia, Vietnam, Indonesia, China, and Nigeria.



Mr. Talal Madi
General Manager -
Marketing

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

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

Mr. Madi has broad experience in Marketing, Sales, Business Development and Planning, Revenue Generation, Product/Brand Management and Market Analysis in companies like Philip Morris International, Leo Burnett and Mccan Erickson in the Gulf region, Africa and Europe.

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

Executive Committee

The Executive Committee is composed of senior executives of Baladna, is responsible for the management of the business and meets on a regular basis. The Committee members report to the CEO. The prime role of the Executive Committee is to

review business performance, and organisational and operational matters, set strategies/initiatives and monitor their successful execution, and review key business KPIs, progress on key projects, etc.

Compensation for the key management personal

	For the year ended 31 December 2021
	QR
Salary, bonus and other allowances	12,593,881
Leave salary expenses	564,366
Air ticket expenses	616,002
End of service benefits	417,287
Total Compensation of key management personal	14,191,536

Insider Trading

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

- Members of the Company's Board of Directors, as well as senior executives and major shareholders or controlling shareholders, are obliged to disclose the number of shares they hold within 15 days of their membership, as well as at the end of each financial year, and all trading by the Company's Board Members, its executive management and, in compliance with the laws, the regulations and instructions issued in this regard.
- The Chairman, members of the Board of Directors with listed securities in the market, its general manager or any employees who are familiar with the Company's material information, are prohibited from trading in the market,

whether by himself, or in any other capacity, for the account of third parties in the securities of the same company, the parent company, subsidiary sister or ally of that Company, if any of these companies are listed on the market, during the prohibition periods stipulated in the applicable laws and regulations.

- The Company is obliged to disclose information about the dealings of insider persons and their relatives in securities issued by the Company, parent company, subsidiaries or sister companies, including members of the Board of Directors in accordance with the regulations, laws and instructions issued in this regard through the preparation of a special and integrated register for all insider persons, including those who may be considered temporarily insider persons and who have access to the Company's internal information prior to publication. The register also contains prior and subsequent disclosures of insider persons.
- Board Members and any insider employees shall not use confidential information that may affect the price of securities for personal gain and any such act or transaction shall be null and void.

Internal Control

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

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

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

Management has assessed the adequacy of design and the operating effectiveness of the Company's internal controls over financial reporting as of 31 December 2021. Based on the assessment, management has concluded that the internal controls over financial reporting are adequately designed and operating effectively with no material weaknesses identified.

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

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

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

During the period from 1 January to 31 December 2021, no significant operational internal control failures were identified. However, process level improvements were identified by the IAD and accepted by management for implementation towards the continuous improvement of Baladna's internal controls. On an ongoing basis, the Audit Committee monitors the progress that management has made with respect to remedial actions taken on issues and findings raised by the IAD.

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

Qualifications:

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

Violations

During the period from 1 January to 31 December 2021, Baladna was not subject to any material fines or penalties imposed by QFMA or any statutory authority on any matter related to capital markets. Additionally, there have been no cases of material non-compliance with any applicable rules and regulations.

Risk Management

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

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

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

External Auditors

The appointment and remuneration of the external auditors was approved by the General Assembly meeting of Baladna held on 20 April 2021. The shareholders appointed Moore Stephens and Partners Certified Public Accountants - 'Qatar' as the External Auditors for the year 2021 for a professional fee of QR 340,000, in accordance with the provisions of Article 141 of the Companies Law.

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

There have been no qualified opinions reported by our external auditors on Baladna's interim semi-annual and annual consolidated financial statements as at 31 December 2021. Please refer to the Independent Auditors' Report in the Financial Statements for further details.

Corporate Social Responsibility (CSR)

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

The total amount spent during the period from 1 January to 31 December 2021 on CSR initiatives was QR 13,818,933. One of the key initiatives or sponsorships during the period was the support of the Social and Sports Activities Fund.

Protection of Shareholders & Stakeholders Rights

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

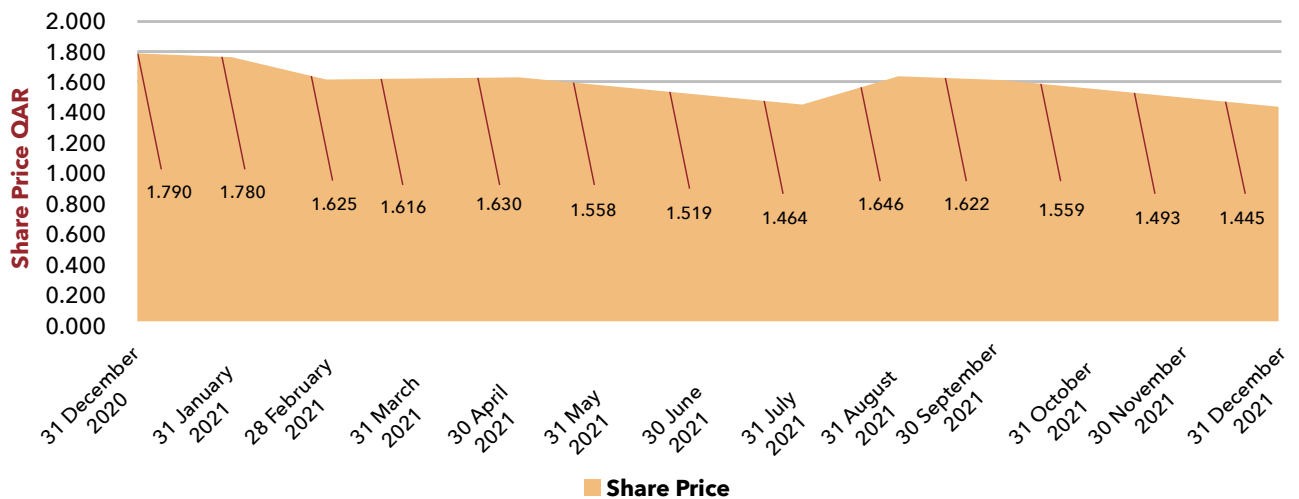
Baladna ensures that all shareholders are entitled to their rights fairly and equally and that they are protected against any violation to those rights. To ensure that shareholders' assets are protected against any misuse that may occur from the Board of Directors, executive management or relevant stakeholders,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

Share Performance

Baladna Share price at the end of each month in 2021 compared with the market and industry index:

Month	Year	Closing Price QR	Max Price QR	Min Price QR	AVG Price QR	Market Index	Sector Index
January	2021	1.780	1.849	1.706	1.773	10,473.50	8,002.00
February	2021	1.625	1.809	1.530	1.688	10,145.99	7,704.37
March	2021	1.616	1.745	1.550	1.663	10,401.50	8,075.94
April	2021	1.630	1.715	1.615	1.652	10,911.40	8,332.65
May	2021	1.558	1.629	1.551	1.590	10,748.26	8,215.98
June	2021	1.519	1.633	1.420	1.563	10,730.68	8,100.23
July	2021	1.464	1.543	1.447	1.502	10,753.28	8,118.00
August	2021	1.646	1.689	1.471	1.618	11,092.90	8,308.34
September	2021	1.622	1.682	1.590	1.632	11,485.23	8,180.19
October	2021	1.559	1.676	1.557	1.631	11,764.77	8,286.23
November	2021	1.493	1.585	1.471	1.544	11,386.31	8,176.26
December	2021	1.445	1.505	1.432	1.465	11,625.81	8,216.64

Baladna Share Price



Shareholder Information

Shares Distribution as of 31 December 2021

	National		GCC		Arab		Foreign		Total	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Individuals	1,146,149,271	60.292%	1,207,414	0.063%	47,838,923	2.517%	18,802,438	0.989%	1,213,998,046	63.861%
Companies	425,494,204	22.383%	9,822,910	0.517%	83,000	0.004%	33,385,566	1.756%	468,785,680	24.660%
Governments	218,041,774	11.470%	-	-	-	-	-	-	218,041,774	11.470%
Institutions	174,500	0.009%	-	-	-	-	-	-	174,500	0.009%
Total	1,789,859,749	94.154%	11,030,324	0.580%	47,921,923	2.521%	52,188,004	2.745%	1,901,000,000	100.000%

Shareholders owning 5% or more shares

Shareholder	Number of Shares as of 31 December 2021	%
Mr. Moutaz Al Khayyat	237,475,000	12.492%
Mr. Ramez Al Khayyat	237,485,000	12.493%
General Retirement and Social Insurance Authority (GRSIA)	183,841,968	9.671%
Total	658,801,968	34.656%

Shares distribution based on the size of ownership as of 31 December 2021

Ownership of Shares	No. of Shareholders	Shares owned	Shares as a percentage of Capital
Less than 50,000 Shares	32,417	223,193,173	11.741%
50,000 - less than 500,000 Shares	2,124	235,750,196	12.401%
500,000 - less than 5,000,000 Shares	236	275,835,715	14.510%
More than or equal 5,000,000 Shares	23	1,166,220,916	61.348%
Total	34,800	1,901,000,000	100.000%

Qatar Central Securities Depository (QCSD)

On monthly basis Baladna receives updates on its shareholders register, furthermore, Baladna sends QCSD updates on its list of insiders regularly and/or whenever its gets updated.

Investor Relations

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

- Appointment of an Investor Relations Officer. Mr. Upendra Jayamaha was appointed as the Investor Relations Officer in addition to his role as Baladna's Finance Manager. The following are his contact details:
 - E-mail: u.jayamaha@baladna.com
 - Phone: +974 3053 4106
- Maintenance of effective communication with the shareholders: Baladna regularly announces its results to QFMA, Qatar Exchange and shareholders by way of interim statements, quarterly, semi-annual and annual results. Significant matters relating to share trading or business development are disclosed to QFMA, QE and the general public by way of market disclosures and announcements in accordance with the related provisions of applicable laws and regulations, in addition to press releases and postings on Baladna's website. Furthermore, Baladna's investor relations function includes:
 - Quarterly conference calls on financial results with the investment community.
 - Responding to enquiries from shareholders through Baladna's investor relations function.
 - Meetings between investors, analysts and senior management.
 - Regular investor conferences organised by the investment community.
 - A section dedicated to investors on Baladna's website, which comprises of annual reports, quarterly results, corporate governance report, analyst coverage, investor presentations, share price and dividend information. (<https://baladna.com/investor-relations/>)

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

General Assembly Meeting

Baladna held its General Assembly meeting on 20 April 2021, and the following decisions were taken:

- The General Assembly approved the Chairman's report on the Company's activities and the financial position for the financial year ended

31 December 2020, as well as the Company's business plan for the year 2021.

- The General Assembly approved the External Auditor's report on the Company's Financial Statements for the year ended 31 December 2020.
- The General Assembly approved the Company's consolidated and audited financial statements, for the financial year ended 31 December 2020, including the profit and loss, and balance sheet statements.
- The General Assembly approved the proposal of the Board of Directors to distribute dividends at a rate of 5.3% of the nominal value of the share for the year ended 31 December 2020.
- The General Assembly approved discharging members of the Board of Directors from any liability relating to their directorship duties and responsibilities for the financial year ended 31 December 2020 and approved the Board's recommendation to award bonuses to the board members for the financial period ended 31 December 2020.
- The General Assembly approved discharging the external auditors from any liability relating to their duties and responsibilities for the financial period ended 31 December 2020.
- The General Assembly approved the appointment of Moore Stephens as the Company's auditors for the financial year 2021 and approved their fees as per the Board's recommendation.
- The General Assembly approved the Company's Corporate Governance Report for the year 2020 and approved the Annual Report for the year ended 31 December 2020.

Whistle-blowing

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

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

The Company's Irregularities

Baladna's Board of Directors and its top management are keen to implement all rules and regulations outlined in corporate governance and legal entities listed on the main market order issued by Qatar Financial Markets Authority and Commercial Companies Law No. (11) for 2015. Accordingly, the Company did not commit any irregularity during the year 2021. There are no major lawsuits filed with the court against the Company that affect in any way the Company's operations, financial performance, and share price.

Conflict of Interests:

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

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

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

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

Related Party Transactions

Sales and Purchases	Relationship	For the year ended 31 December 2021	
		Sales	Purchases
		QR	QR
Yemek Doha Catering Services W.L.L.	Affiliate	19,108,649	-
Widam Food Company Q.P.S.C.	Affiliate	6,120,000	-
Aura Hospitality W.L.L.	Affiliate	3,739,678	54,308
Elegancia Landscape W.L.L.	Affiliate	3,652,110	2,522,682
Aura Entertainment W.L.L.	Affiliate	836,495	-
Sazeli Restaurant W.L.L.	Affiliate	439,075	-
Orient Pearl Restaurant W.L.L.	Affiliate	172,149	75,927
Urbacon Plant, Machinery and Vehicles (A Branch of Urbacon Trading and Contracting Company W.L.L.)	Affiliate	141,347	90,193
Damasca Restaurant W.L.L.	Affiliate	99,230	-
Power International Holding W.L.L.	Affiliate	-	15,596,205
Urbacon Workshop Department (A Branch of Urbacon Trading and Contracting Company W.L.L.)	Affiliate	-	13,980,125
Aalaf Qatar W.L.L.	Affiliate	-	5,817,833
Joury Tour & Travels W.L.L.	Affiliate	-	4,145,327
Stark Security W.L.L.	Affiliate	-	1,363,823
Credo Trading Company W.L.L.	Affiliate	-	1,203,497
Elegancia Electro Mechanical Services W.L.L.	Affiliate	-	323,680
Assets Real Estate Development Co. WLL	Affiliate	-	240,921
General Pension and Social Security Authority	Affiliate	-	182,298
Elegancia Gabro Trading and Transport W.L.L.	Affiliate	-	102,306
Printshop for Printing Services W.L.L.	Affiliate	-	42,240
Elegancia Stone for Marble & Granite Trading W.L.L.	Affiliate	-	14,681
Retaj Baywalk Residence W.L.L.	Affiliate	-	8,000
Elegancia Steel Trading W.L.L.	Affiliate	-	3,500
Urbacon Trading and Contracting W.L.L.	Affiliate	-	1,718
Others			
Mr. Moutaz Mohammad Al Khayyat	Chairman	445,782	-
		34,754,515	45,769,264

Capital Expenditure

Related Party	Nature of transactions	For the year ended 31 December 2021
		QR
Urbacon Trading and Contracting W.L.L.	Construction work	30,321,846
Elegancia Electro Mechanical Services W.L.L.	Supply and installation of utilities	25,432,098
Credo Trading Company W.L.L.	Supply and installation of portable RO plant/IT equipment	1,320,000
Elegancia Steel Trading W.L.L.	Supply and installation of furniture and fixtures	84,000
Aura Hospitality W.L.L.	Sale of asset	4,000

Related Party - Transactions

Due From Related Parties

	31 December 2021
	QR
Affiliates	
Yemek Doha Catering Services W.L.L.	4,385,838
Aura Hospitality and Food Services W.L.L.	4,200,713
Elegancia Landscape W.L.L.	3,896,269
Widam Food Company Q.P.S.C.	760,000
Aura Entertainment W.L.L.	980,540
Sazeli Restaurant W.L.L.	557,636
Printshop for Printing Services W.L.L.	289,025
Damasca Restaurant W.L.L.	161,876
Orient Pearl Restaurant L.L.C.	70,005
Urbacon Plant, Machinery and Vehicles (A Branch of Urbacon Trading and Contracting Company W.L.L.)	50,554
Retaj Baywalk Residence W.L.L.	24,000
	15,376,456

Related Party - Transactions

Due to Related Parties	
	31 December 2021
	QR
Affiliates	
Urbacon Workshop Department (A Branch of Urbacon Trading and Contracting Company W.L.L.)	5,857,181
Urbacon Trading and Contracting W.L.L.	5,205,487
Elegancia Electro Mechanical Services W.L.L.	2,375,529
Aalaf Qater W.L.L	401,839
Assets Real Estate Development Co. WLL	255,921
Joury Tour & Travels W.L.L.	185,393
Elegancia Hospitality Services W.L.L.	162,227
Elegancia Steel Trading W.L.L.	125,308
General Pension and Social Security Authority	15,729
Others	5,825
	14,590,439

Significant Events during 2021

- Successfully launched 44 new SKUs across all categories/channels and increased market share in major category
- Final dividend declaration of QR 101 million in April 2021 (QR 0.053 per share)
- Started building new factory for Evaporated Milk and Sterilized Creams which is expected to be completed in 2022
- Baladna initiated discussions with Azerbaijan, Indonesia and Philippines for geographical expansions in addition to Malaysia
- Commenced building a waste water treatment plant in Farm.

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

Assessment Report on Internal Controls Over Financial Reporting:

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

We have conducted an evaluation of the design, implementation and the operating effectiveness of internal controls over financial reporting, as of 31 December 2021, based on the framework and the criteria established in Internal Control - Integrated Framework (2013), issued by the Committee of Sponsoring Organisations of the Treadway Commission ("COSO").

We have covered all the material aspects of the business in its assessment of internal controls over financial reporting as of 31 December 2021, for the period from 1 January 2021 to 31 December 2021.

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

1. Risks in Financial Reporting

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

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

To restrain those risks of financial reporting, Baladna

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

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

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

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

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

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

2. Organisation of the Internal Control System

Functions involved in the system of Internal Control over Financial Reporting

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

Controls to minimise the risk of Financial Reporting misstatement

The system of ICOFR consists of a large number of internal controls and procedures aimed at minimising the risk of misstatement of the financial statements. Such controls are integrated into the operating process and include those which:

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

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

The Company has undertaken a formal evaluation of the adequacy of the design, implementation, and operating effectiveness of the system of ICOFR. This evaluation incorporates an assessment of the design,

implementation, and operating effectiveness of the control environment as well as individual controls which make up the system of ICOFR taking into account:

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

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

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

As a result of the assessment of the design, implementation, and operating effectiveness of ICOFR, management did not identify any material weaknesses and concluded that ICOFR is appropriately designed, implemented and operated effectively as of 31 December 2021.

Independent Assurance Report to the Shareholders of Baladna Q.P.S.C in connection with compliance to the Qatar Financial Markets Authority's Law and relevant legislations, including the Governance Code for Companies and Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority's (QFMA's) Board pursuant to Decision No. (5) of 2016 as of 31 December 2021

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

In accordance with the requirements of Article 24 of the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority (QFMA) Board pursuant to Decision No. (5) of 2016, we have carried out a limited assurance engagement over Board of Directors' assessment of compliance of Baladna Q.P.S.C referred as the "Company" with the QFMA's law and relevant legislations, including the Governance Code for Companies and Legal Entities Listed on the Main Market (the "Code") as of 31 December 2021 as noted in the Board of Director's Corporate Governance Report (Corporate Governance Report), excluding provisions listed under Other information section of this report.

Responsibilities of the directors and those charged with governance

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

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

Responsibilities of the Assurance Practitioner

Our responsibilities are to issue a limited assurance conclusion on whether anything has come to our attention that causes us to believe that the "Board of Directors' Governance Report on compliance with the QFMA's law and relevant legislations, including the Code" presented in the Corporate Governance

Report do not present fairly, in all material respects, the Company's compliance with the QFMA's law and relevant legislations, including the Code, based on our limited assurance procedures.

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

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

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

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

understanding of internal control, and the procedures performed in response to the assessed risks.

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

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

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

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

Our limited assurance procedures do not involve assessing the qualitative aspects or effectiveness of the procedures adopted by management to comply with the Requirements. Therefore, we do not provide any assurance as to whether the procedures adopted by

management were functioning effectively to achieve the objectives of the QFMA's law and relevant legislations, including the Code.

Our independence and quality control

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

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

Inherent limitations

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

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

Other information

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

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

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

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

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

Conclusion

Based on our limited assurance procedures described in this report, nothing has come to our attention that causes us to believe that the Board of Directors' report on compliance with QFMA's law and relevant legislations, including the Code, as presented in Board of Director's Corporate Governance Report, do not present fairly, in all material respects, the Company's compliance with the QFMA's law and relevant legislations, including the Code as at 31 December 2021.

Moore Stephens and Partners Certified Public Accountants

Fathi Abu Farah

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

Doha - Qatar
7 March 2022

Independent Assurance Report to the Shareholders of Baladna Q.P.S.C on the suitability of the design, implementation and operating effectiveness of internal controls over financial reporting of significant processes as of 31 December 2021 in connection with the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority's (QFMA's) Board pursuant to Decision No. (5) of 2016

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

Report on the Directors' assessment of the suitability of the design, implementation and operating effectiveness of internal controls over financial reporting of significant processes as of 31 December 2021 of Baladna Q.P.S.C hereinafter referred to as the "Company" and its subsidiaries together referred as the "Group" in connection with the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority's (QFMA's) Board pursuant to Decision No. (5) of 2016.

In accordance with the requirements of Article 24 of the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority (QFMA) Board pursuant to Decision No. (5) of 2016, we have carried out a reasonable assurance engagement over the Management's Internal Control Statement on assessment of suitability of the design, implementation and operating effectiveness of the Group's internal controls over financial reporting (Management Internal Control Statement) as of 31 December 2021, based on the framework issued by the Committee of Sponsoring Organisations of the Treadway Commission "COSO framework".

Responsibilities of the directors and those charged with governance

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

The Group's assessment of its internal control system is presented by the Management to the Board of Directors in

the form of the Management's Internal Control Statement contained in the Corporate Governance Report, which includes:

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

The Group has assessed the design, implementation and operating effectiveness of its internal control system as at 31 December 2021, based on the criteria established in the Internal Control- Integrated Framework 2013 issued by the Committee of Sponsoring Organisations of the Treadway Commission ("COSO framework"). These responsibilities include the design adequate internal financial controls that would ensure the orderly and efficient conduct of its business, including:

- adherence to the Group's policies;
- the safeguarding of its assets;
- the prevention and detection of frauds and errors;
- the accuracy and completeness of the accounting records;
- the timely preparation of reliable financial information; and
- compliance with applicable laws and regulations,

including the QFMA's law and relevant legislations and the Governance Code for Companies & Legal Entities Listed on the Main Market issued by the QFMA's Board pursuant to Decision No. (5) of 2016.

Responsibilities of the Assurance Practitioner

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

Reporting on internal controls over financial reporting

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

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

An assurance engagement of this type also includes evaluating Board of Directors' assessment of the suitability of the design, implementation and operating effectiveness

of the controls in an organization involves performing procedures to obtain evidence about the suitability of design and operating effectiveness of the controls. Our procedures on internal controls over financial reporting included:

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

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

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring

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

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

Our independence and quality control:

In carrying out our work, we have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior and the ethical

requirements that are relevant in Qatar. We have fulfilled our other ethical responsibilities in accordance with these requirements and the (IESBA) Code.

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

Meaning of internal controls over financial reporting

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

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

Inherent limitations

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

procedures may deteriorate.

Furthermore, the controls activities designed, implemented and operated as of 31 December 2021 covered by our assurance report will not have retrospectively remedied any weaknesses or deficiencies that existed in relation to the internal controls over the financial reporting and compliance with applicable laws and regulations prior to the date those controls were placed in operation.

Other information

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

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

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

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

Opinion

In our opinion the Directors' ICFR Report forming part of the Annual Corporate Governance Report, is fairly stated, in all material respects, based on the criteria established in the COSO Framework, including its conclusion on the effectiveness of design, implementation and operating effectiveness of Internal Control over Financial Reporting as of 31 December 2021.

Moore Stephen and Partners Certified Public Accountants

Fathi Abu Farah

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

Doha - Qatar
7 March 2022

Financial Statements

- 1. Independent Auditor's Report**
- 2. Consolidated Statement of Profit and Other Comprehensive Income**
- 3. Consolidated Statement of Financial Position**
- 4. Consolidated Statement of Changes in Shareholders' equity**
- 5. Consolidated Statement of Cash Flows**
- 6. Notes to the Consolidated Financial Statements**





INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Baladna Q.P.S.C.** (the "Company"), and its subsidiaries (together referred to as the "Group") which comprise the consolidated statement of financial position, consolidated statement of profit and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year ended 31 December 2021, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position, consolidated financial performance and its consolidated cash flows for the year ended 31 December 2021 in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the key audit matters
<p>Revenue recognition The Group reported revenue of QR 772,967,687 from agriculture activities.</p> <p>The Group's sales arrangements are made on the basis of the point of sale, with the provision of return rights for customers in the event that the sold product is expired.</p> <p>We identified revenue recognition as a key audit matter because it is one of the key performance indicators of the Group and given rise to an inherent risk of misstatement to meet expectations or targets.</p>	<p>We tested revenue through a combination of controls testing, data analytics and substantive audit procedures covering, in particular:</p> <ul style="list-style-type: none"> • Updating our understanding of the significant revenue processes and identifying the relevant controls (including IT systems, interfaces and reports); • Performing automated and manual controls tests and substantive tests, to ascertain accuracy and completeness of revenue • Assessing and testing the Group's revenue accounting policies, including the key judgements and estimate applied by management in consideration of the requirements of IFRS 15;

Key Audit Matters	How our audit addressed the key audit matters
<p>Refer to the following notes of the consolidated financial statements.</p> <ul style="list-style-type: none"> Note 3.2 - Significant accounting policies; Note 4 - Revenue; and Note 3.3 - Significant accounting judgments, estimates and assumptions 	<ul style="list-style-type: none"> Performing data analysis, and analytical reviews on significant revenue streams; <p>We also assess the overall presentation, structure and content of revenue related disclosures in notes 3.2, 3.3 and 4 to the consolidated financial statements.</p>
<p>Fair Valuation of Biological Assets</p> <p>IAS 41 "Agriculture" requires biological assets to be measured at fair value less costs to sell, unless the fair value cannot be reliably measured. The balance of the Group's biological assets, which are measured at fair value less cost to sell. Management has used valuation method developed based on past information, assumptions, market prices of livestock of similar age, pregnancy, lactations and milk production.</p> <p>The calculation of the fair value of biological assets involves a significant degree of judgement, particularly in respect of landed cost, market prices for calves and heifers.</p> <p>Refer to the following notes of the consolidated financial statements.</p> <ul style="list-style-type: none"> Note 3.2 - Significant accounting policies; Note 15 - Biological assets. 	<p>Our audit procedures included,</p> <ul style="list-style-type: none"> Understanding management's process for collecting the information to support the key assumptions and inputs adopted in the valuation of biological assets and assessing the information based on our knowledge of the Group and other audit procedures performed. Assessing the methodologies adopted in the valuation of biological assets with reference to the requirements of the prevailing accounting standards with the consultation from our internal technical team. Assessing on a sample basis, the input data used in the valuations of biological assets, including breeding costs, milk production volumes and culling rates, based on available historical data. Evaluating the adequacy of the disclosure in Financial Statements, including disclosures of key assumptions, judgments and sensitivities.

Other information

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, applicable provisions of Qatar Commercial Companies Law and Company's Articles of Association and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

7 March 2022
Doha, State of Qatar

CONSOLIDATED STATEMENT OF PROFIT AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	For the year ended 31 December 2021 QR	For the period from Establishment Date to 31 December 2020 QR
Revenue	4	772,967,687	814,786,221
Cost of revenue	5	(576,260,958)	(578,001,396)
Gross profit		196,706,729	236,784,825
Other income	6	127,896,858	171,669,662
Fair value gain on financial investments at fair value through profit or loss		10,829,791	-
Selling and distribution expenses	7	(83,452,031)	(99,581,148)
General and administrative expenses	8	(81,114,006)	(114,922,232)
Operating profit for the year/period		170,867,341	193,951,107
Finance cost and bank charges	9	(36,403,383)	(41,586,621)
Profit before income tax		134,463,958	152,364,486
Income tax expense	10	(628,075)	(235,464)
Profit after tax for the year/period		133,835,883	152,129,022
Other comprehensive income		-	-
Total comprehensive income for the year/period		133,835,883	152,129,022
Basic and diluted earnings per share (Expressed in QR per share)	27	0.070	0.082

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 31 December 2021

	Note	31 December 2021 QR	31 December 2020 QR
ASSETS			
Non-current assets			
Property, plant and equipment	11	2,826,351,896	2,721,930,160
Right-of-use assets	12	39,867,189	53,178,382
Intangible assets	13	5,747,070	3,961,369
Financial investments held at fair value through profit or loss	14	144,060,018	-
Biological assets	15	197,722,614	185,892,542
Total non-current assets		3,213,748,787	2,964,962,453
Current assets			
Biological assets	15	562,800	731,201
Inventories	16	271,936,438	300,745,432
Due from related parties	28(b)	15,376,456	14,589,063
Trade and other debit balances	17	358,464,469	329,268,737
Cash and bank balances	18	52,255,382	12,374,473
Total current assets		698,595,545	657,708,906
TOTAL ASSETS		3,912,344,332	3,622,671,359
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	19	1,901,000,000	1,901,000,000
Legal reserve	20	29,096,491	15,712,903
Acquisition reserve	21	201,123,011	201,123,011
Retained earnings		139,812,217	123,458,819
TOTAL SHAREHOLDERS' EQUITY		2,271,031,719	2,241,294,733
LIABILITIES			
Non-current liabilities			
Lease liabilities	22	28,404,404	41,691,683
Islamic financing	23	1,193,327,524	995,327,524
Employees' end of service benefits	25	10,578,832	7,652,625
Total non-current liabilities		1,232,310,760	1,044,671,832
Current liabilities			
Lease liabilities	22	14,016,925	12,912,104
Due to related parties	28(c)	14,590,439	4,766,282
Trade and other credit balances	26	177,030,835	185,328,762
Current portion of Islamic financing	23	78,000,000	26,000,000
Short term borrowings	24	51,321,755	56,387,267
Bank overdrafts	18	74,041,899	51,310,379
Total current liabilities		409,001,853	336,704,794
TOTAL LIABILITIES		1,641,312,613	1,381,376,626
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		3,912,344,332	3,622,671,359

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

The consolidated financial statements were approved and authorized for issuance by the Board of Directors on 7 March 2022.

Mr. Ramez Mhd Ruslan Al Khayat
Managing Director

Mr. Piet Hilarides
Chief Executive Officer

Mr. Saifullah Khan
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital QR	Legal reserve QR	Founders' current account QR	Acquisition reserve QR	Retained earnings QR	Total QR
As at 1 January 2021	1,901,000,000	15,712,903	-	201,123,011	123,458,819	2,241,294,733
Profit for the year	-	-	-	-	133,835,883	133,835,883
Dividend declared (Note 29)	-	-	-	-	(100,753,000)	(100,753,000)
Transfer to legal reserve (Note 20)	-	13,383,588	-	-	(13,383,588)	-
Transfer to social and sport fund (Note 35)	-	-	-	-	(3,345,897)	(3,345,897)
As at 31 December 2021	1,901,000,000	29,096,491	-	201,123,011	139,812,217	2,271,031,719
As at Establishment Date	-	500,000	675,373,011	-	39,578,354	715,451,365
IPO and listing expenses	-	-	-	-	(9,232,428)	(9,232,428)
Capital contribution (Note 19)	1,901,000,000	-	-	-	-	1,901,000,000
Profit for the period	-	-	-	-	152,129,022	152,129,022
Interim dividend declared (Note 29)	-	-	-	-	(40,000,000)	(40,000,000)
Transfer to legal reserve (Note 20)	-	15,212,903	-	-	(15,212,903)	-
Transfer to social and sports fund (Note 35)	-	-	-	-	(3,803,226)	(3,803,226)
Net movement in Founders' current account	-	-	(675,373,011)	-	-	(675,373,011)
Net movement in acquisition reserve	-	-	-	201,123,011	-	201,123,011
As at 31 December 2020	1,901,000,000	15,712,903	-	201,123,011	123,458,819	2,241,294,733

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	For the year ended 31 December 2021 QR	For the period from Establishment Date to 31 December 2020 QR
OPERATING ACTIVITIES			
Profit before tax for the year/period		134,463,958	152,364,486
Adjustments for:			
Depreciation of property, plant and equipment	11	111,194,633	105,981,992
Depreciation of right-of-use assets	12	13,311,193	21,217,380
Amortization of intangible assets	13	1,798,041	1,362,976
Provision for employees' end of service benefits	25	4,033,224	3,922,656
Impairment loss allowance on trade receivables	17	89,935	721,872
(Gain)/loss on disposal of property, plant and equipment	6	(25,734)	123,392
Fair value gain on financial investments at fair value through profit or loss		(10,829,791)	-
Gain arising from change in fair value of biological assets	15	(52,470,576)	(34,808,880)
Cost of slaughtered animals disposed and transfer	15	12,014,712	9,368,921
Loss from death of livestock	15	8,875,480	7,609,277
Interest on lease liabilities	22	2,052,729	4,218,923
Finance cost		34,350,654	37,467,915
Operating cash flow before movement in working capital		258,858,458	309,550,910
Changes in:			
Inventories		28,808,994	(95,716,578)
Due from related parties		(783,393)	8,553,854
Trade and other debit balances		(29,262,625)	57,609,584
Due to related parties		9,824,157	(294,477)
Trade and other credit balances		(17,682,763)	62,780,955
Cash generated from operating activities		249,762,828	342,484,248
Employees' end of service benefit paid	25	(1,107,017)	(1,374,106)
Finance cost paid		(33,512,947)	(45,685,576)
Interest on lease liabilities paid		(2,052,729)	(4,218,923)
Income tax paid		(380,431)	(35,464)
Net cash generated from operating activities		212,709,704	291,170,179
INVESTING ACTIVITIES			
Purchase of property, plant and equipment (i)	11	(217,147,551)	(218,324,128)
Proceeds from disposal of property, plant and equipment		31,901	20,381
Purchase of intangible assets	13	(1,919,997)	(650,305)
Acquisition of financial investments at fair value through profit or loss		(133,230,227)	-
Net movement in biological assets		19,918,713	(1,880,079)
Net cash used in investing activities		(332,347,161)	(220,834,131)
FINANCING ACTIVITIES			
Net proceeds from Initial Public Offering (IPO)		-	1,425,750,000
Net movement in borrowings		244,934,488	(1,413,974,404)
Principal elements of lease payments		(12,182,458)	(21,310,988)
Dividend paid		(95,965,184)	(32,014,413)
Net movement in restricted cash		(30,838,254)	6,778,402
Net cash generated from/(used in) financing activities		105,948,592	(34,771,403)
Net (decrease)/increase in cash and cash equivalents		(13,688,865)	35,564,645
Cash and cash equivalents at beginning of the year/period		(38,935,906)	(74,500,551)
Cash and cash equivalents at the end of the year/period	18	(52,624,771)	(38,935,906)

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. Corporate information

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

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

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

Notes:

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

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

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

2.1 New and amended standard adopted by the Group

The consolidated financial statements have been drawn up based on accounting standards, interpretations and amendments effective at 1 January 2021. The Group has adopted the following new and revised Standards and Interpretations issued by International Accounting Standards Board and the International Financial Reporting Interpretations Committee, which were effective for the current accounting period:

New and revised IFRS	Effective for annual periods beginning on or after
<p>Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 & IAS 39 Interest Rate Benchmark Reform - Phase 2</p> <p>As a result of these amendments, among other matters, an entity:</p> <ul style="list-style-type: none"> • will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; • will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and • will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates. 	1 January 2021
<p>Amendments to IFRS 16 'Leases' Covid-19 Related Rent Concessions</p> <p>Amendments to IFRS 16 'Leases' provide a practical expedient that permits lessees to account for the rent concessions, that occur as a direct consequence of the COVID - 19 pandemic and meets specified conditions, as if they were not lease modifications.</p>	1 June 2021
<p>Amendments to IFRS 16 'Leases' Covid-19 Related Rent Concessions beyond 30 June 2021</p> <p>This amendment extends the practical expedient to rent concessions that reduce only lease payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.</p>	1 April 2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

2.2 New and amended IFRS which are in issue but not yet effective

New and revised IFRS	Effective for annual periods beginning on or after
IFRS 17 'Insurance contracts' establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued.	1 January 2023
Amendments to IAS 1 'Presentation of financial statements' clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The meaning of settlement of a liability is also clarified	1 January 2023
Amendments to IAS 16 'Property, plant and equipment' require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related costs in profit or loss, instead of deducting the amounts received from the cost of the asset.	1 January 2022
Amendments to IFRS 3 'Business combinations' update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.	1 January 2022
Amendments to IAS 37 'Provisions, contingent liabilities and contingent assets' specify the costs that an entity includes when assessing whether a contract will be loss-making.	1 January 2022
Annual Improvements to IFRS Standards 2018-2020 amend: <ul style="list-style-type: none"> • IFRS 1 to simplify the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences; • IFRS 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability; • IFRS 16 illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements 	1 January 2022
IAS 41 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in other accounting standards.	
Amendments to IFRS 10 'Consolidated financial statements and IAS 28 'Investments in associates' clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. Otherwise, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments have been deferred until IASB has finalised its research project on the equity method.	Effective date deferred indefinitely. Early adoption is permitted.

New and revised IFRS**Effective for annual periods beginning on or after**

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

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

Effective date deferred indefinitely. Early adoption is permitted.

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

Effective date deferred indefinitely. Early adoption is permitted.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

3. Basis of preparation and significant accounting policies and estimates

3.1 Basis of preparation

Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with IFRS issued by the International Accounting Standards Board (IASB), applicable provisions of Qatar Commercial Companies Law and the Company's Articles of Association.

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

Basis of measurement

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

Basis of consolidation

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

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

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

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

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

Subsidiaries

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

Change in interests of a subsidiary

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

Loss of control

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

Transactions eliminated on consolidation

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

3.2 Significant accounting policies

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

Revenue recognition

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

Sale of dairy, livestock for meat and consumables

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

Right of return

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

Volume rebates

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

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

Government support

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

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

Property, plant and equipment

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

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

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

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

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

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

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

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

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

Biological assets

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

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

Intangible assets

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of the inventory is determined by the weighted average cost methods and includes invoiced cost and other expenditures incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset or cash-generating unit fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a 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 cost to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had not impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss and other comprehensive income unless the asset is carried at re-valued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

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.

Financial assets

(i) Initial recognition and measurement

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

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 plus, 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.

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, 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.

(ii) Subsequent measurement

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

- Financial assets at amortised cost
- Financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

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 profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade and other debit balances, amounts due from related parties, cash and bank balances.

Financial investments held at fair value through profit or loss

The Group's investment in quoted equity instrument cannot be classified as an instrument within a cash flow and business model to hold to collect solely payments of principal and interest nor held to collect solely payments of principal and interest, and sell. Hence, as permitted by IFRS 9, the Group has measured the instrument at fair value through profit or loss (FVTPL).

(iii) 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.

Financial liabilities**(i) 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 credit balances, lease liabilities, borrowings, bank overdraft and due to related parties. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss and other comprehensive income.

(ii) Subsequent measurement

Trade and other credit balances

This is the category most relevant to the Group. After initial recognition, trade and other credit balances are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

(iii) 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 and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

Offsetting of financial instruments

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

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 and other debit balances and due from related parties, 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.

For short-term deposits with banks and other deposits, the Group has applied the general approach to determine credit losses under 12-month ECL considering that there has not been significant increase in credit risk associated with these debt instruments.

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.

Cost and expense recognition

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

Income tax

The Group applies its income tax in accordance with the new Qatar Income Tax Law No. 24 of 2018 and the new Income Tax Executive Regulations (ER) was introduced in State of Qatar which repeals and replaced the old Executive Regulations.

Shareholders' equity

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

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

Dividend

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

Earnings per share

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

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

Employees' end of service benefits

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

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

Finance cost

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

Borrowings

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

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

Foreign currency transactions

Transactions in foreign currencies are recorded in QR at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

Leases

At the inception of the contract, the Group assesses whether a contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether

- the contract involves the use of an identified asset – this maybe specified explicitly or implicitly in the contract and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset, i.e., the Group has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used

Group as lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

Right-of-use of asset

The right-of-use of asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove the underlying asset to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use of asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liabilities

Lease liabilities is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the fixed payments (including in-substance fixed payments), less any lease incentives receivable, for the right to use the underlying asset during the lease term that are not paid at the commencement date. Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liabilities is remeasured as described above, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease and non-lease components

At the inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on their relative stand-alone prices. However, for the leases of land and buildings for which it is a lessee, the Group has elected not to separate the non-lease components and account for the lease and non-lease components as a single lease component.

Extension and termination options

Where extension and termination options are included in the lease contracts, these are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension and termination options. The Group reassesses whether it is reasonably certain to exercise options if there is a significant event or significant change in circumstances within its control.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and for leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group assesses the value of the underlying asset based on the value of the asset when it is new, regardless of the age of the asset being leased. The Group treats the underlying assets as low-value when a new one has a value of USD 5,000 or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2021

Segmental reporting

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

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

Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. When measuring fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

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

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from the past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

Contingent liabilities are not recognised but are disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as provision.

Events after the reporting date

Post year-end events that provide additional information about the Group's financial position at reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3.3 Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Satisfaction of performance obligation

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing revenue. For sale of goods through retail outlets, hotels, restaurants and cafeteria's revenue recognized by the group at a point in time when the goods are sold and control is transferred to customer.

Determination of transaction price

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement, the entity assesses the impact of any variable consideration in the contract, due to discounts, rights of return, the existence of any significant financing component and any non-cash consideration in the contract.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how Groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP of the country in which it sells its goods to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, there has been no revision in the lease terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

Classification of investments

Management decides on acquisition of an investment whether to classify it as financial asset at fair value through other comprehensive income or financial asset through profit or loss. The Group classifies investment as financial asset at fair value through profit or loss if the investment is classified as held for trading and upon initial recognition it is designated by the group as at fair value through profit or loss.

Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revisions affect both current and future periods.

The significant management estimates and key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

Trade receivables and due from related parties

The Group applies the simplified approach to measuring expected credit losses to its trades receivables and due from related parties, which uses a provision matrix. The provision rates are based on days past due for Groupings of various customer segments that substantially share the same risk characteristics or loss patterns. The provision rates are initially based on the Group's historical observed default rates and adjusted with current conditions and the Group's view of economic conditions over the expected lives of the receivables. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Cash and bank balances

Impairment on cash and bank balances has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and bank balances and restricted grants have low credit risk based on the external credit ratings of the counterparties. While cash and bank balances are also subject to impairment, the identified impairment loss is considered immaterial.

Useful lives of property, plant and equipment and intangible assets

The Group's management determines the estimated useful lives of its property, plant and equipment and intangible assets for calculating depreciation and amortisation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Use of incremental rate of borrowing

For measuring the lease liability, the Group discounted the lease payments based on its incremental rate of borrowing as on 1 January 2021, i.e. 4%. The definition of incremental borrowing rate states that the rate should reflect what the Group would be charged to borrow over a similar term and under similar circumstances. To determine an appropriate rate, the Group has obtained the relevant information from its bankers.

Provision for slow moving inventories

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

Measurement of biological assets

Biological assets are measured at fair value less cost to sell, with any change therein recognised in consolidated statement of profit or loss and other comprehensive income. The fair value of immature livestock is determined by reference to meat price of veal, adjusted to reflect the age of the calves and to the landed cost of a heifer by reference to the recent purchases of the Group. The fair value of mature cows is determined by reference to landed cost of a heifer by reference to the recent purchases adjusted to reflect the decline in productivity through the lactation cycles, the meat price at the point of slaughter. Where the fair value cannot be measured reliably, in such a case, that biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, an entity shall measure it at its fair value less costs to sell.

4. Revenue

The following sets out the disaggregation of the Group's revenue from contracts with customers:

a) Type of goods or services

	For the year ended 31 December 2021	For the period from Establishment Date to 31 December 2020
	QR	QR
Dairy sales	685,895,493	737,840,699
Juice sales	52,958,285	48,507,173
Livestock sales	23,700,330	16,613,449
Compost and manure sales	5,800,160	8,927,247
Plastic sales	1,983,370	2,124,700
Feed sales	2,630,049	768,972
Other sales	-	3,981
	772,967,687	814,786,221

b) Timing of satisfaction of performance obligation

Goods transferred at point in time	772,967,687	814,786,221
------------------------------------	--------------------	-------------

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

5. Cost of revenue

	For the year ended 31 December 2021 QR	For the period from Establishment Date to 31 December 2020 QR
Cost of feeds	189,637,730	192,619,954
Cost of dairy milk and packaging material	119,609,574	113,083,236
Depreciation of property, plant and equipment (Note 11)	104,074,516	98,565,205
Direct wages	79,955,970	68,232,322
Rent and maintenance	41,131,795	39,061,328
Cost of livestock (Note 15)	19,918,713	22,988,606
Utilities	19,363,239	17,989,600
Production related indirect expenses	17,477,067	17,568,495
Cost of slaughtered animals	10,387,202	2,046,758
Cost of medicine	8,477,047	9,909,964
Loss from death of livestock (Note 15)	8,875,480	7,609,277
Product disposal and provision for slow moving inventories	3,019,445	11,817,593
Cost of feeds sold	2,020,612	669,572
Cost of disposed slaughtered animals	1,627,510	7,322,163
Amortization of intangibles (Note 13)	91,268	96,769
COVID-19 Expenses	87,200	586,433
Others	2,977,166	2,643,001
	628,731,534	612,810,276
Less:		
Net fair value gain on biological assets (Note 15)	(52,470,576)	(34,808,880)
	576,260,958	578,001,396

6. Other income

	For the year ended 31 December 2021	For the period from Establishment Date to 31 December 2020
	QR	QR
Government support (Note i)	122,425,032	164,431,464
Rental income	1,344,722	1,076,123
Gain/(loss) on disposal of property, plant and equipment	25,734	(123,392)
Miscellaneous income	4,101,370	6,285,467
	127,896,858	171,669,662

Note i:

During the period, the Group's wholly owned subsidiary has recognised a support from the Government amounting to QR 122,425,032. The support is granted to the subsidiary on account of the investment made in the field of dairy manufacturing to ensure the country's food supplies. There are certain conditions that need to be met by the Group in order to be entitled to the government support. As at 31 December 2021, management believes that these conditions have been satisfactorily achieved, accordingly, the support has been recognised.

7. Selling and distribution expenses

	For the year ended 31 December 2021	For the period from Establishment Date to 31 December 2020
	QR	QR
Staff cost	39,329,863	46,601,247
Advertising and promotion	31,314,314	23,697,519
Water, electricity and fuel	5,721,871	5,228,118
Depreciation of property, plant and equipment (Note 11)	5,207,221	5,158,534
Insurance	425,236	378,453
Communication	252,670	274,783
Amortization of intangibles (Note 13)	152,108	160,947
Provision for doubtful debts (Note 17)	89,935	721,872
Transportation	83,502	68,104
Government fees	27,233	3,160
Management fees (Note i)	-	11,784,178
COVID-19 expenses	-	3,684,905
Others	848,078	1,819,328
	83,452,031	99,581,148

Note i:

This amount represents management fee paid to a third party under revised term of contract whereby it will cease to act as sole distributor and will continue to provide support. From January 2021, the Company terminated the contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

8. General and administrative expenses

	For the year ended 31 December 2021 QR	For the period from Establishment Date to 31 December 2020 QR
Staff cost	19,192,775	25,499,387
Professional charges	14,785,210	26,999,827
Depreciation of right-of-use assets (Note 12)	13,311,193	21,217,380
Communication	9,701,342	10,893,905
Insurance	8,628,168	9,655,972
Board remuneration	2,021,563	2,800,883
Depreciation of property, plant and equipment (Note 11)	1,912,896	2,258,253
Amortization of intangible assets (Note 13)	1,554,665	1,105,260
Rent and maintenance	1,250,219	925,379
Governmental fees	156,006	644,446
Stationery and printing	143,253	100,382
Charity and donations	-	2,373,979
COVID-19 expenses	-	546,652
Others	8,456,716	9,900,527
	81,114,006	114,922,232

9. Finance cost and bank charges

	For the year ended 31 December 2021 QR	For the period from Establishment Date to 31 December 2020 QR
Finance cost on loans and borrowings	34,791,483	36,130,838
Finance cost on bank overdrafts	1,583,502	1,012,636
Exchange gain	(2,323,815)	(100,217)
Lease interest expense (Note 22)	2,052,729	4,218,923
Finance cost on financing transactions	299,484	324,441
	36,403,383	41,586,621

10. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major component of income tax expense in the consolidated statement of profit or loss are:

	For the year ended 31 December 2021 QR	For the period from Establishment Date to 31 December 2020 QR
Income tax expense reported in the consolidated statement of profit or loss	628,075	235,464
Tax rate	10%	10%

Note 1:

In December 2019, a new Executive Regulations for the tax was introduced in the State of Qatar, replacing the previous executive regulations. The tax exemption provided under Article 4 (paragraph 13) of the New Tax Law in relation to non-Qatari investors' share in profits in listed entities shall not be extended to subsidiaries/associates of listed entities. Accordingly, if a listed entity holds shares in a non-listed entity, the share of profits in the non-listed entity attributable to the listed entity would be subject to tax to the extent of the profit share attributable to non-Qatari shareholders in the listed entity.

11. Property, plant and equipment

	Land QR	Building and structures QR	Machineries QR	Motor vehicles QR	Furniture and fixtures QR	Capital work in progress QR	Total QR
31 December 2021							
Cost:							
As at 1 January 2021	55,200,100	1,753,017,501	866,463,745	61,495,734	46,888,710	189,440,035	2,972,505,825
Additions during the year	-	24,989,856	13,371,352	10,818,552	8,856,094	159,390,569	217,426,423
Transfers during the year	-	74,502,337	72,229,327	11,390	1,204,533	(147,947,587)	-
Disposals during the year	-	-	(6,322)	(173,000)	(3,622,726)	-	(3,802,048)
Transfer to intangible assets during the year (Note 13)	-	-	-	-	-	(1,663,745)	(1,663,745)
As at 31 December 2021	55,200,100	1,852,509,694	952,058,102	72,152,676	53,326,611	199,219,272	3,184,466,455
Accumulated depreciation:							
As at 1 January 2021	-	128,163,127	84,855,603	16,803,587	20,753,348	-	250,575,665
Charge for the year	-	47,935,008	46,011,599	6,284,991	10,963,035	-	111,194,633
Related to disposals during the year	-	-	(2,949)	(62,151)	(3,590,639)	-	(3,655,739)
As at 31 December 2021	-	176,098,135	130,864,253	23,026,427	28,125,744	-	358,114,559
Net book value							
As at 31 December 2021	55,200,100	1,676,411,559	821,193,849	49,126,249	25,200,867	199,219,272	2,826,351,896

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

	Land QR	Building and structures QR	Machineries QR	Motor vehicles QR	Furniture and fixtures QR	Capital work in progress QR	Total QR
31 December 2020							
Cost:							
As at							
Establishment Date	55,200,100	1,709,611,423	651,103,416	53,614,214	32,704,518	256,254,931	2,758,488,602
Additions during the period	-	11,352,182	14,603,117	7,694,301	5,734,610	178,939,918	218,324,128
Transfers during the period	-	32,069,215	201,659,185	423,500	9,825,182	(243,977,082)	-
Disposals during the period	-	(15,319)	(901,973)	(236,281)	(1,375,600)	-	(2,529,173)
Transfer to intangible assets during the period (Note 13)	-	-	-	-	-	(1,777,732)	(1,777,732)
As at 31 December 2020	55,200,100	1,753,017,501	866,463,745	61,495,734	46,888,710	189,440,035	2,972,505,825
Accumulated depreciation:							
As at							
Establishment Date	-	82,712,973	42,171,327	11,412,390	9,247,383	-	145,544,073
Charge for the period	-	45,460,597	42,772,236	5,410,991	12,338,168	-	105,981,992
Related to disposals during the period	-	(10,443)	(87,960)	(19,794)	(832,203)	-	(950,400)
As at 31 December 2020	-	128,163,127	84,855,603	16,803,587	20,753,348	-	250,575,665
Net book value							
As at 31 December 2020	55,200,100	1,624,854,374	781,608,142	44,692,147	26,135,362	189,440,035	2,721,930,160

Notes:

- (a) Capital work-in-progress represents expenses incurred by the Group in respect of construction of farm and factories.
- (b) Capital work in progress includes building of cows' farm in Um Al Hawaya, constructed by a related party for the expansion of the Group operations. Transfers from capital work in progress during the year represent the barns and machineries capitalized upon completion of necessary construction and installation work. These constructions are funded mainly from loan proceeds from a local bank.

Additions to the property, plant and equipment during the year included the following transactions with related parties:

Related party	Nature of transactions	For the year ended	For the period from
		31 December 2021	Establishment Date to
		QR	31 December 2020
			QR
Urbacon Trading and Contracting W.L.L.	Construction work	30,321,846	54,756,775
Elegancia Electro Mechanical Services W.L.L.	Supply and installation of utilities	25,432,098	22,205,252
Urbacon Plant, Machinery and Vehicles (A Branch of Urbacon Trading and Contracting Company W.L.L.)	Purchase of vehicles	-	889,596
Credo Trading Company W.L.L.	Supply and installation of portable RO plant/IT equipment	1,320,000	284,143
Joury Tour & Travels W.L.L.	Logistics	-	29,605
Elegancia Steel Trading W.L.L.	Supply and installation of of furniture and fixtures	84,000	22,600
Challenger Trading W.L.L.	Manpower supply	-	12,084
Aura Hospitality W.L.L.	Sale of asset	4,000	-

Depreciation expenses charged for the year ended 31 December 2021 are allocated as follows:

	For the year ended	For the period from
	31 December 2021	Establishment Date to
	QR	31 December 2020
		QR
Cost of revenue (Note 5)	104,074,516	98,565,205
Selling and distribution expenses (Note 7)	5,207,221	5,158,534
General and administrative expenses (Note 8)	1,912,896	2,258,253
	111,194,633	105,981,992

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

12. Right-of-use assets

	31 December 2021 QR	31 December 2020 QR
Cost:		
As at 1 January/establishment date	72,627,685	23,381,734
Additions during the year/period	-	65,911,604
Disposals during the year/period	-	(16,665,653)
As at 31 December	72,627,685	72,627,685
Accumulated depreciation:		
As at 1 January/establishment date	19,449,303	1,655,942
Charge for the year/period (Note 8)	13,311,193	21,217,380
Disposals for the year/period	-	(3,424,019)
As at 31 December	32,760,496	19,449,303
Net carrying amounts as at 31 December	39,867,189	53,178,382

13. Intangible assets

	31 December 2021 QR	31 December 2020 QR
Cost:		
As at 1 January/establishment date	6,558,137	4,130,100
Additions during the year/period	1,919,997	650,305
Transfer from capital work in progress (Note 11)	1,663,745	1,777,732
As at 31 December	10,141,879	6,558,137
Accumulated amortization:		
As at 1 January/establishment date	2,596,768	1,233,792
Charge for the year/period	1,798,041	1,362,976
As at 31 December	4,394,809	2,596,768
Net carrying amounts as at 31 December	5,747,070	3,961,369

Amortization expenses charged for the year ended 31 December 2021 are allocated as follows:

	For the year ended 31 December 2021 QR	For the period from Establishment Date to 31 December 2020 QR
Cost of revenue (Note 5)	91,268	96,769
Selling and distribution expenses (Note 7)	152,108	160,947
General and administrative expenses (Note 8)	1,554,665	1,105,260
	1,798,041	1,362,976

14. Financial investments held at fair value through profit or loss

	31 December 2021		31 December 2020	
	Quoted QR	Unquoted QR	Quoted QR	Unquoted QR
Equity investments	144,060,018	-	-	-
	144,060,018	-	-	-

As at 31 December 2021, equity investments represent equity shares quoted in Qatar Stock Exchange and Egyptian Exchange.

15. Biological assets

The Group's livestock balance primarily comprises of cows which are used in the production of milk and meat. The Group's biological assets stock comprises both immature and mature livestock.

Immature livestock comprise of calves that are intended to be reared to mature. These calves are held to produce milk, but have not started to produce milk. The fair value of the immature livestock is determined by reference to meat price of veal, adjusted to reflect the age of the calves and landed cost of a heifer.

Mature livestock includes cows, which have begun milk production. The fair value of the matured cows is determined by reference to the latest landed cost over heifer adjusted to reflect the decline in productivity through the lactation cycles and the meat price at the point of slaughter.

The value of livestock as follows:

	31 December 2021 QR	31 December 2020 QR
As at 1 January/establishment date	186,623,743	166,912,982
Purchases	-	24,868,685
Gain arising from change in the fair value of biological assets (Note 5)	52,470,576	34,808,880
Cost of sale of livestock (Note 5)	(19,918,713)	(22,988,606)
Transfer to slaughtered animals' inventories	(12,014,712)	(9,368,921)
Loss from death of livestock (Note 5)	(8,875,480)	(7,609,277)
As at 31 December	198,285,414	186,623,743

The value of livestock as follows:

	31 December 2021 QR	31 December 2020 QR
Current livestock	562,800	731,201
Non-current livestock	197,722,614	185,892,542
	198,285,414	186,623,743
Mature livestock	126,309,414	113,733,643
Immature livestock	71,976,000	72,890,100
	198,285,414	186,623,743
The quantity of livestock owned by the Group is as follows:		
Mature livestock	12,671	11,712
Immature livestock	10,910	10,538
	23,581	22,250

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

16. Inventories

	31 December 2021 QR	31 December 2020 QR
Feed inventory	100,779,427	117,837,189
Dairy packaging and raw material inventory	86,946,701	107,174,636
Spare parts	36,409,463	31,862,059
Dairy finished goods inventory	26,045,207	20,190,548
Juice packaging and raw material inventory	4,335,899	11,327,886
Chemical and medicine inventory	5,150,661	4,398,363
Juice finished goods inventory	3,946,711	2,100,236
Plastic inventory	3,063,172	64,006
Others	8,018,845	8,898,138
	274,696,086	303,853,061
Less : Provision for slow moving inventories	(2,759,648)	(3,107,629)
	271,936,438	300,745,432

The movement in provision for slow moving inventories is as follows:

	31 December 2021 QR	31 December 2020 QR
As at 1 January/establishment date	3,107,629	14,505,232
Reversals during the year/period	(347,981)	(11,397,603)
As at 31 December	2,759,648	3,107,629

17. Trade and other debit balances

	31 December 2021 QR	31 December 2020 QR
Trade receivables	80,308,799	79,561,559
Less: Impairment loss allowance	(1,040,099)	(1,550,164)
	79,268,700	78,011,395
Government support	122,425,032	143,715,228
Advance to suppliers	123,751,420	78,529,047
Prepaid expenses	28,876,088	25,193,480
Deferred interest	3,726,458	3,789,493
Staff receivables	416,771	3,094
Other receivables	-	27,000
	358,464,469	329,268,737

Movement in impairment loss allowance on trade receivables is recognized in the consolidated statement of financial position as follows:

	31 December 2021 QR	31 December 2020 QR
As at 1 January/establishment date	1,550,164	966,279
Provided during the year/period (Note 7)	89,935	721,872
Written off during the year/period	(600,000)	(137,987)
As at 31 December	1,040,099	1,550,164

- (a) Unimpaired receivables are considered collectible based on historic experience and no interest is charged on the trade receivables.
 (b) The other classes within trade and other receivables do not contain impaired assets.

18. Cash and cash equivalents

	31 December 2021 QR	31 December 2020 QR
Cash on hand	377,063	222,972
Bank balances (Note i)	51,878,319	12,151,501
Cash and bank balances	52,255,382	12,374,473
Restricted bank balances	(30,838,254)	-
	21,417,128	12,374,473
Bank overdraft	(74,041,899)	(51,310,379)
Cash and cash equivalents	(52,624,771)	(38,935,906)

Note i:

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

19. Share capital

	31 December 2021		31 December 2020	
	No of shares	Amount QR	No of shares	Amount QR
Authorised, issued and paid-up ordinary and special shares QR 1 per each share	1,901,000,000	1,901,000,000	1,901,000,000	1,901,000,000

The Group's authorized, issued and paid-up share capital amounting to QR 1,901,000,000 is divided into 1,900,999,999 ordinary shares and one special share, the nominal value is QR 1 of each share.

20. Legal reserve

In accordance with the provision of the Qatar Commercial Law and Group's Article of Association, a minimum amount of 10% of the profit in each year is required to be transferred to legal reserve until the balance in the legal reserve becomes equal to 50% of the Group's paid up share capital. This reserve is not available for distribution, except in circumstances specified in the above mentioned law.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

21. Acquisition reserve

This balance represents the issuance of shares to the Founders against the transferring of ownership in capital of Baladna Food Industries W.L.L and settling of their current account.

22. Lease liabilities

	31 December 2021 QR	31 December 2020 QR
As at 1 January/establishment date	54,603,787	23,729,319
Additions during the year/period	-	65,911,604
Disposals during the year/period	-	(13,726,148)
Interest expense charged during the year/period (Note 9)	2,052,729	4,218,923
Repayments during the year/period	(14,235,187)	(25,529,911)
As at 31 December	42,421,329	54,603,787
Current portion	14,016,925	12,912,104
Non-current portion	28,404,404	41,691,683
	42,421,329	54,603,787

23. Islamic financing

	31 December 2021 QR	31 December 2020 QR
Islamic financing 1 (Note i)	1,021,327,524	1,021,327,524
Islamic financing 2 (Note ii)	250,000,000	-
	1,271,327,524	1,021,327,524
Current portion	78,000,000	26,000,000
Non-current portion	1,193,327,524	995,327,524
	1,271,327,524	1,021,327,524

Notes:

- (i) This represents Murabaha facility obtained by the Company's subsidiary (Baladna Food Industries W.L.L.) from a local bank to finance the construction of cows' farm and working capital requirements. The facility carries profit rate of 3% per annum (2020: 3.5% per annum).
- (ii) This represents financing facility obtained by the Company's Subsidiary (Baladna Food Industries W.L.L.) from a local bank to support expansion and business development. This facility carries management fee of 3% per annum (2020:nil)

24. Short term borrowings

	31 December 2021 QR	31 December 2020 QR
Borrowings	51,321,755	56,387,267

This represents document credit facility obtained from a local bank in order to finance the working capital requirements. The facility carries interest rate of 3% per annum (2020: 3.5% per annum).

25. Employees' end of service benefits

	31 December 2021	31 December 2020
	QR	QR
As at 1 January/establishment date	7,652,625	5,104,075
Provision Provided during the year/period	4,033,224	3,922,656
Payments made during the year/period	(1,107,017)	(1,374,106)
As at 31 December	10,578,832	7,652,625

26. Trade and credit balances

	31 December 2021	31 December 2020
	QR	QR
Trade payables	96,505,086	119,458,063
Accrued expenses	51,810,923	42,957,040
Provision for social and sports fund (Note 35)	3,345,897	3,803,226
Income tax payable	563,355	200,000
Other liabilities	24,805,574	18,910,433
	177,030,835	185,328,762

27. Basic and diluted earnings per share

	31 December 2021	31 December 2020
	QR	QR
Profit for the year/period (QR)	133,835,883	152,129,022
Weighted average number of shares outstanding during the year/period	1,901,000,000	1,857,795,455
Basic and diluted earnings per share (QR)	0.070	0.082

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

28. Related party disclosures

In the normal course of its business, the Group enters into transactions with the parties who fall under the definition of a related party as per IAS 24 "Related party disclosures". Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Balances and transactions between the Group and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group, affiliates and Board of Directors are disclosed below. The details of the transactions and the balances with such related parties during the year are as follows:

a) Related party transactions

	Relationship	For the year ended 31 December 2021		For the period from Establishment Date to 31 December 2020	
		Sales QR	Purchases QR	Sales QR	Purchase QR
Yemek Doha Catering Services W.L.L.	Affiliate	19,108,649	-	12,123,873	-
Widam Food Company Q.P.S.C.	Affiliate	6,120,000	-	-	-
Aura Hospitality W.L.L.	Affiliate	3,739,678	54,308	4,035,289	1,156,194
Elegancia Landscape W.L.L.	Affiliate	3,652,110	2,522,682	7,506,158	1,241,020
Aura Entertainment W.L.L.	Affiliate	836,495	-	76,992	650,000
Sazeli Restaurant W.L.L.	Affiliate	439,075	-	230,649	-
Orient Pearl Restaurant W.L.L.	Affiliate	172,149	75,927	155,691	-
Urbacon Plant, Machinery and Vehicles (A Branch of Urbacon Trading and Contracting Company W.L.L.)	Affiliate	141,347	90,193	-	1,585,550
Damasca Restaurant W.L.L.	Affiliate	99,230	-	160,893	-
Power International Holding W.L.L.	Affiliate	-	15,596,205	-	9,073,776
Urbacon Workshop Department (A Branch of Urbacon Trading and Contracting Company W.L.L.)	Affiliate	-	13,980,125	1,701,948	23,261,197
Aalaf Qatar W.L.L.	Affiliate	-	5,817,833	-	-
Joury Tour & Travels W.L.L.	Affiliate	-	4,145,327	-	1,331,135
Stark Security W.L.L.	Affiliate	-	1,363,823	-	2,897,138
Credo Trading Company W.L.L.	Affiliate	-	1,203,497	-	188,900
Elegancia Electro Mechanical Services W.L.L.	Affiliate	-	323,680	-	588,820
Assets Real Estate Development Co. WLL	Affiliate	-	240,921	-	681,988
General Pension and Social Security Authority	Affiliate	-	182,298	-	-
Elegancia Gabro Trading and Transport W.L.L.	Affiliate	-	102,306	-	538,836
Printshop for Printing Services W.L.L.	Affiliate	-	42,240	-	352,987
Elegancia Stone for Marble & Granite Trading W.L.L.	Affiliate	-	14,681	-	-
Retaj Baywalk Residence W.L.L.	Affiliate	-	8,000	-	-
Elegancia Steel Trading W.L.L.	Affiliate	-	3,500	-	-
Urbacon Trading and Contracting W.L.L.	Affiliate	-	1,718	-	432,000
Challenger Trading W.L.L.	Affiliate	-	-	-	361,500
Elegancia Hospitality Services W.L.L.	Affiliate	-	-	-	36,192
Others					
Mr. Moutaz Mohammad Al Khayyat	Chairman	445,782	-	115,988	-
		34,754,515	45,769,264	26,107,481	44,377,233

b) Due from related parties

	31 December 2021	31 December 2020
	QR	QR
Affiliates		
Yemek Doha Catering Services W.L.L.	4,385,838	4,730,020
Aura Hospitality and Food Services W.L.L.	4,200,713	1,438,460
Elegancia Landscape W.L.L.	3,896,269	6,369,248
Widam Food Company Q.P.S.C.	760,000	763,956
Aura Entertainment W.L.L.	980,540	21,771
Sazeli Restaurant W.L.L.	557,636	118,561
Printshop for Printing Services W.L.L.	289,025	-
Damasca Restaurant W.L.L.	161,876	47,463
Orient Pearl Restaurant L.L.C.	70,005	63,772
Urbacon Plant, Machinery and Vehicles (A Branch of Urbacon Trading and Contracting Company W.L.L.)	50,554	-
Retaj Baywalk Residence W.L.L.	24,000	-
Urbacon Workshop Department (A Branch of Urbacon Trading and Contracting Company W.L.L.)	-	229,140
Elegancia Electro Mechanical Services W.L.L.	-	438,402
Elegancia Hospitality Services W.L.L.	-	42,773
Arab Builders Trading and Contracting W.L.L.	-	15,721
Board of Directors		
Mr. Moutaz Mohammad Al Khayyat	-	309,776
	15,376,456	14,589,063

c) Due to related parties

	31 December 2021	31 December 2020
	QR	QR
Affiliates		
Urbacon Workshop Department (A Branch of Urbacon Trading and Contracting Company W.L.L.)	5,857,181	-
Urbacon Trading and Contracting W.L.L.	5,205,487	3,228,866
Elegancia Electro Mechanical Services W.L.L.	2,375,529	-
Aalaf Qater W.L.L.	401,839	-
Assets Real Estate Development Co. WLL	255,921	199,000
Joury Tour & Travels W.L.L.	185,393	177,671
Elegancia Hospitality Services W.L.L.	162,227	-
Elegancia Steel Trading W.L.L.	125,308	37,808
General Pension and Social Security Authority	15,729	-
Power International Holding W.L.L.	-	464,032
Elegancia Gabro Trading and Transport W.L.L.	-	293,017
Stark Security Services W.L.L.	-	267,887
Credo Trading Company W.L.L.	-	81,080
Printshop for Printing Services W.L.L.	-	10,531
Urbacon Plant, Machinery and Vehicles (A Branch of Urbacon Trading and Contracting Company W.L.L.)	-	600
Others	5,825	5,790
	14,590,439	4,766,282

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

d) Compensation of key management personnel

	For the year ended 31 December 2021 QR	For the period from Establishment Date to 31 December 2020 QR
Salaries and short-term benefits	13,774,249	17,477,394
Employees' end of service benefits	417,287	526,125
	14,191,536	18,003,519

29. Dividend

On 27 April 2020, the Board of Directors of the Group passed a resolution to distribute interim dividend approximating QR. 40,000,000, equivalent to QR. 0.021 per share.

On 20 April 2021, the General Assembly approved the final dividend of QR 100,753,000, equivalent to QR 0.053 per share.

30. Financial risk

30.1 Financial risk factors

The Group's financial instruments consists mainly of due from related parties, trade and other debit balances, cash and bank balances, borrowings, bank overdrafts, trade and other credit balances, lease liabilities and due to related parties.

The Group's financial risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects of the financial performance. Under the Group's risk management programme, management identifies and documents key risks and sets out policies and procedures required to mitigate these risks. No changes were made in the risk management objectives and policies for the year ended 31 December 2021. The identified key risks are:

a) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2021, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise credit risk, the Group has tasked its Management to develop and maintain the Group's credit risk regarding to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Management uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

The tables below detail the credit quality of the Group's financial assets and financial guarantee contracts, as well as the Group's maximum exposure to credit risk by credit risk rating grades.

As at 31 December 2021	Note	External credit ratings	Internal credit ratings	12 month or lifetime ECL	Gross carrying amount QR	Loss allowance QR	Net carrying amount QR
Trade receivables	17	N/A	Note (i)	Lifetime ECL	80,308,799	(1,040,099)	79,268,700
Due from related parties	28	N/A	Note (i)	Lifetime ECL	15,376,456	-	15,376,456
Government support	17	N/A	Note (i)	Lifetime ECL	122,425,032	-	122,425,032
Cash and bank balances	18	BB	N/A	12-month ECL	52,255,382	-	52,255,382
As at 31 December 2020							
Trade receivables	17	N/A	Note (i)	Lifetime ECL	79,561,559	(1,550,164)	78,011,395
Due from related parties	28	N/A	Note (i)	Lifetime ECL	14,589,063	-	14,589,063
Government support	17	N/A	Note (i)	Lifetime ECL	143,715,228	-	143,715,228
Cash and bank balances	18	BB	N/A	12-month ECL	12,374,473	-	12,374,473

Note:

- (i) For trade receivables, due from related parties and government support, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

The loss allowance as at 31 December 2021 and 2020 was determined as follows for trade receivables:

As at 31 December 2021	Days past due						Total QR
	Upto 30 days QR	31-60 days QR	61-90 days QR	91-120 days QR	121-365 days QR	Over 365 days QR	
Expected credit loss rate	-	-	-	-	52%	100%	
Gross carrying amount	70,266,047	6,937,694	1,268,949	585,472	437,119	813,518	80,308,799
Loss allowance	-	-	-	-	(226,581)	(813,518)	(1,040,099)
Net trade receivables (Note 17)	70,266,047	6,937,694	1,268,949	585,472	210,538	-	79,268,700

As at 31 December 2020

Expected credit loss rate	-	-	-	-	13%	100%	
Gross carrying amount	72,981,230	1,423,493	1,054,837	476,786	2,398,751	1,226,462	79,561,559
Loss allowance	-	-	-	-	(323,702)	(1,226,462)	(1,550,164)
Net trade receivables (Note 17)	72,981,230	1,423,493	1,054,837	476,786	2,075,049	-	78,011,395

b) Liquidity risk

The Group manages its liquidity risk by ensuring it has sufficient liquid cash balances to meet its payment obligations as they fall due.

The table below summarises the maturities of the Group's financial liabilities at 31 December 2021 and 2020:

As at 31 December 2021	Less than 1 year QR	Between 1 and 2 years QR	Between 2 and 5 years QR	Over 5 years QR	Total QR
Lease liabilities	14,016,925	13,408,396	7,965,206	7,030,802	42,421,329
Due to related parties	14,590,439	-	-	-	14,590,439
Trade and other credit balances	177,030,835	-	-	-	177,030,835
Borrowings	129,321,755	66,062,500	281,250,000	846,015,024	1,322,649,279
Bank overdraft	74,041,899	-	-	-	74,041,899
	409,001,853	79,470,896	289,215,206	853,045,826	1,630,733,781

As at 31 December 2020

Lease liabilities	12,912,104	13,438,649	21,907,343	6,345,691	54,603,787
Due to related parties	4,766,282	-	-	-	4,766,282
Trade and other credit balances	185,328,762	-	-	-	185,328,762
Borrowings	82,387,267	52,000,000	156,000,000	787,327,524	1,077,714,791
Bank overdraft	51,310,379	-	-	-	51,310,379
	336,704,794	65,438,649	177,907,343	793,673,215	1,373,724,001

c) Currency risk

The Group manages its currency risk by regularly assessing current and expected foreign currency exchange rate movements. Management believes that there is minimal risk of significant losses since most of the foreign currency rates are constant against QR.

d) Interest rate risk

The Group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate.

Interest rate sensitivity analysis

For borrowings, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

At 31 December 2021, if interest rates on QR denominated borrowings had been 25 basis point higher/lower with all other variables held constant, profit for the year would have been QR 3,491,728 (2020: QR 2,822,563) lower/higher, mainly as a result of higher/lower interest expense on borrowings.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

31. Capital management

The Group's objective when managing capital is to ensure its ability to maintain a strong credit rating and healthy capital ratios in order to support its business to provide returns for its shareholders and to provide best returns on capital investment by pricing goods and services commensurately with the level of risk.

The Group sets the amount of capital funds in accordance with the planned level of operations and in proportion to the levels of risk. The Group manages the shareholder's funds and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or realise assets in order to reduce debt. The Group's equity comprises share capital, legal reserve, retained earnings and acquisition reserve is measured at QR 2,271,031,719 (2020: QR 2,241,294,733).

The Group is not subject to externally-imposed capital requirements.

32. Segment reporting

- a. The group has single significant business operation which is an agricultural activity of production and sales of dairy product in addition to other related products and activities. All other business segments are not significant.
- b. Geographically, the Group has extended its operates in state of Qatar and Sultanate of Oman. The business operations in Sultanate of Oman is not considered to be significant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

33. Fair value measurements

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the financial assets held at fair value through profit of loss and biological assets by following valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

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

As at 31 December, the Group held the following financial and non-financial assets measured at fair value:

	31 December 2021 QR	Level 1 QR	Level 2 QR	Level 3 QR
Financial asset				
Financial investments held at fair value through profit or loss	144,060,018	144,060,018	-	-
Non-financial assets				
Biological assets	198,285,414	-	198,285,414	-
	31 December 2020 QR	Level 1 QR	Level 2 QR	Level 3 QR
Non-financial assets				
Biological assets	186,623,743	-	186,623,743	-

Biological assets are measured at fair value less cost to sell, based on local and international market prices, whenever available, of livestock of similar age, breed and genetic merit with adjustments, where necessary, to reflect the differences.

The fair value of immature livestock is determined by reference to meat price of veal, adjusted to reflect the age of the calves and to the landed cost of a heifer by reference to the recent purchases of the Group. The fair value of mature cows is determined by reference to latest landed cost of a heifer by reference to the recent purchases adjusted to reflect the decline in productivity through the lactation cycles, the meat price at the point of slaughter.

During the year ended to 31 December 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements on Biological asset. There were no movements within Level 3 fair value measurements.

34. Commitments and contingencies

As at 31 December 2021, the Group has contingent liabilities in respect of various banks' letters of credit and other guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise are as follows:

	31 December 2021	31 December 2020
	QR	QR
Guarantees and letters of credit	52,311,928	67,746,225

35. Social and sports fund

In accordance with Law No. 13 of 2008, the Group is required to provide a provision for the support of sports, social, cultural, and charitable activities with an amount equivalent to 2.5% of the annual net profit. This social and sports contribution is considered as an appropriation of retained earnings of the Group and presented in the consolidated statement of changes in shareholders equity.

36. Effect of COVID 19

The pandemic of coronavirus ("COVID-19") has spread across the world rapidly. Therefore, it is challenging now, to predict the full extent and duration of its business and economic impact. The pandemic spread is causing disruption and uncertainties to the economic, operations and business activities.

Moreover, the operations of the Group are partially concentrated in economies that are relatively dependent on the price of crude oil. The uncertainties caused by COVID-19 and the volatility in crude oil prices required the management of the Group to update its assumptions used for the determination of expected credit losses as at 31 December 2021. Certain changes have been incorporated in the calculation of expected credit losses to reflect the observable current macro-economic factors and future information.

Based on the management's assessment as at 31 December 2021, there has been no material impact on the expected credit loss on its financial assets, as these financial assets are related to highly rated banks operated in the State of Qatar. Also, there is no impact on the carrying value of their non-financial assets.

The Management has considered the potential impacts of the current economic volatility in determining the reported amounts of the Group's financial and non-financial assets as at 31 December 2021, and assessed the impacts are with positive indications. However, the market remains volatile and the recorded balances are sensitive to the market fluctuations.

37. Comparative figure

Certain comparative amounts in the Group's consolidated financial statements and notes to the consolidated financial statements have been reclassified to conform to the current year's presentation. This reclassification does not impact on net assets or equity.



Al Shamal Road, Exit 44
Umm Al-Hawaya Area, Al Khor & Al-Thakhira
PO BOX 3382, Qatar
ir@baladna.com

www.baladna.com