

# Hily Holding (P.J.S.C)

## Integrated Report of 2024

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# Board of Directors Report

# Hily Holding PJSC

## REPORT OF THE BOARD OF DIRECTORS 31 December 2024

The Directors have pleasure in submitting their report and the audited consolidated financial statements for the year ended 31 December 2024.

### **Principal activities**

The principal activity of the Company and its subsidiaries (together, the “Group”) is primarily the management of securities portfolios, along with investing, development and management of real estate and commercial enterprises. The Group is also engaged in the importing and distribution of foodstuff and household items in the United Arab Emirates.

### **Financial results**

The results of the Group for the year are set out on page 6 of the consolidated financial statements.

### **Going concern basis**

The Board of Directors has reasonable expectation that the Group has adequate resources and support to continue its operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements for the year ended 31 December 2024.

### **Transactions with related parties**

The consolidated financial statements disclose related parties transactions and balances in note 27. All transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations.

### **Distribute Dividends**

Despite achieving a net profit for the year, the Board of Directors has decided not to declare a dividend for 2024. This decision reflects our focus on long-term financial stability and growth.

While some operating subsidiaries have shown improved results, others are still progressing toward their full potential. Additionally, higher capital expenditures for strategic initiatives have increased borrowing levels and impacted our cash position. Our priority is to reduce debt, enhance liquidity, and strengthen the company’s financial health by retaining the liquidity.

### **Auditors of the Company**

KPMG Lower Gulf Limited were appointed as external auditors for the Group for the year ended 31 December 2024. KPMG Lower Gulf Limited have expressed their willingness to continue in office. A shareholder resolution for the reappointment of KPMG Lower Gulf Limited is proposed and to absolve them of their responsibility for the year ended 31 December 2024.

**For and on behalf of Board of Directors**



Chairman of the Board

# Auditors' Report



KPMG Lower Gulf Limited  
Level 19, Nation Tower 2  
Corniche Road, P.O. Box 7613  
Abu Dhabi, United Arab Emirates  
Tel. +971 (2) 401 4800, www.kpmg.com/ae

## Independent auditors' report

### To the Shareholders of Hily Holding PJSC

#### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Hily Holding PJSC ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current 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 (continued)

Valuation of Investment Property	
See Note 4(d), 13 to the consolidated financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>The Group's investment property portfolio stated at its estimated fair value of AED 245 million as at 31 December 2024. The Group measures its investment properties at fair value which have been derived using discounted cash flows model prepared internally by management as of 31 December 2024.</p> <p>The valuation of investment properties is determined through the application of valuation techniques which often involve the exercise of judgement and the use of certain assumptions and estimates.</p> <p>This is considered a key audit matter, due to the significance of investment properties and the related estimation uncertainty as the valuations are dependent on certain key estimates which require significant judgements including future rental income, operating costs, occupancy rate and terminal yield rates.</p>	<p>As part of our audit procedures, we:</p> <ul style="list-style-type: none"> <li>Obtained an understanding of the management valuation process implemented by the Group and evaluated the design and implementation of relevant controls over valuation of investment properties.</li> <li>Involved our real estate valuation specialist, who on a sample basis, assessed valuation methodologies used in the valuation process and challenged selected assumptions for key estimates of future rental income, operating costs, occupancy rate and terminal yield rates used in the valuation by comparing them with market data. On a sample basis, performed audit procedures to test the source data used for determining the fair value, by comparing it to the underlying supporting information.</li> <li>Performed sensitivity analysis on the significant assumptions to evaluate the extent of the impact of changes in the key assumptions to the conclusions reached by management.</li> <li>Evaluated the adequacy of the disclosure in the consolidated financial statements.</li> </ul>
Investment in associate – Assessment of significant influence	
See Note 15 to the consolidated financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>The Group holds an investment in Al Waha Capital PJSC (the "investee"), which has been accounted for as an equity-accounted investee since 1 January 2021. Group management believes that it continues to have significant influence over the investee, based on both quantitative and qualitative factors assessed by management.</p> <p>This is considered a key audit matter due to the significance of the judgement involved in determining the continuation of significant influence over the investee during 2024.</p>	<p>As part of our audit procedures, we:</p> <ul style="list-style-type: none"> <li>Obtained understanding over management's process relating to determination that the Group continues to exercise significant influence.</li> <li>Evaluated whether the Group exercises significant influence by assessing the relevant quantitative and qualitative factors including the size of the Group's stake in the investee, the representation of the Group on the Board of the investee, and other factors.</li> <li>Evaluated the adequacy of the disclosure in the consolidated financial statements.</li> </ul>

## Other Information

Management is responsible for the other information. The other information comprises the Directors' report (but does not include the consolidated financial statements and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the Corporate Governance Report and the Integrated Report which are expected to be made available to us after that date.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Corporate Governance Report and Integrated Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## 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 IFRS Accounting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## Auditors' 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 auditors' 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 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.





#### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

#### Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Decree Law No. 32 of 2021, we report that for the year ended 31 December 2024:

- i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;
- ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021;
- iii) the Group has maintained proper books of account
- iv) the financial information included in the Directors' report is consistent with the books of account of the Group;
- v) as disclosed in note 14 to the consolidated financial statements, the Group has purchased shares during the year ended 31 December 2024;
- vi) note 27 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted; and
- vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2024 any of the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 or in respect of the Company, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2024.

KPMG Lower Gulf Limited

Avtar Jalif  
Registration No.: 5413  
Abu Dhabi, United Arab Emirates

Date: **20 MAR 2025**

# Financial Information

# Hily Holding PJSC

Consolidated financial statements

*31 December 2024*

**Registered address and principal place of business:**

P.O. Box: 2378

Abu Dhabi

United Arab Emirates

# Hily Holding PJSC

## Consolidated financial statements

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# Hily Holding PJSC

## Consolidated statement of profit or loss for the year ended 31 December

		2024	2023
	<i>Note</i>	AED	AED
Revenue from contract with customers	5 (a)	<b>65,493,796</b>	46,297,905
Income from investment properties	5 (b)	<b>35,356,650</b>	35,039,645
Net income /(loss) from investment	5 (c)	<b>10,139,897</b>	(10,861,595)
		<b>110,990,343</b>	70,475,955
Direct costs	6	<b>(65,566,024)</b>	(49,086,244)
Selling and distribution expenses	7	<b>(10,503,667)</b>	(11,517,335)
General and administrative expenses	8	<b>(20,463,829)</b>	(19,311,691)
Impairment loss on trade receivables	17	<b>(358,524)</b>	(247,594)
Increase of fair value of investment properties	13	-	2,606,551
Share of profit of associate	15	<b>40,130,177</b>	43,796,339
Other income		<b>173,310</b>	1,549,824
<b>Operating Profit</b>		<b>54,401,786</b>	38,265,805
Finance costs		<b>(35,895,566)</b>	(35,026,342)
Finance income		<b>4,568,596</b>	2,949,039
Net finance costs	9	<b>(31,326,970)</b>	(32,077,303)
<b>Net profit for the year before Tax</b>		<b>23,074,816</b>	6,188,502
Income tax credit	34	<b>1,902,946</b>	-
<b>Net profit for the year after Tax</b>		<b>24,977,762</b>	6,188,502
<b>Attributable to:</b>			
Equity holders of the company		<b>25,151,315</b>	6,526,862
Non-controlling interests		<b>(173,553)</b>	(338,360)
		<b>24,977,762</b>	6,188,502
Basic and diluted earnings profit per share attributable to equity holders of the Company	28	<b>0.21</b>	0.05

The attached notes 1 to 35 form part of these consolidated financial statements.

The independent auditors' report is set out on pages 2 to 5.

# Hily Holding PJSC

## Consolidated statement of comprehensive income for the year ended 31 December

	<i>Note</i>	<b>2024</b> <b>AED</b>	2023 <b>AED</b>
Net profit for the year		<b>24,977,762</b>	6,188,502
<b>Other comprehensive Income</b>			
Items that will not be subsequently reclassified to the consolidated statement of profit or loss			
Net changes in fair value of investments held at FVTOCI	<i>14</i>	<b>(1,389,404)</b>	6,174,112
Share of profit / (loss) of equity accounted investee, net of tax	<i>15</i>	<b>1,052,740</b>	(397,511)
<b>Other comprehensive (loss)/income for the year</b>		<b>(336,664)</b>	5,776,601
<b>Total comprehensive income for the year</b>		<b>24,641,098</b>	11,965,103
<b>Attributable to:</b>			
Equity holders of the company		<b>24,814,651</b>	12,303,463
Non-controlling interests		<b>(173,553)</b>	(338,360)
		<b>24,641,098</b>	11,965,103

The attached notes 1 to 35 form part of these consolidated financial statements.

The independent auditors' report is set out on pages 2 to 5.

# Hily Holding PJSC

## Consolidated statement of financial position as at 31 December

<u>ASSETS</u>	Note	2024 AED	2023 AED
<b><u>Non-current assets</u></b>			
Property, plant and equipment	10	114,960,148	83,512,749
Intangible assets	11	179,390	319,249
Right of use assets	12	6,441,610	7,209,091
Investment properties	13	245,115,298	243,984,577
Investment held at fair value through other comprehensive income ("FVTOCI")	14	94,456,395	77,528,443
Equity accounted investment	15	399,364,222	363,458,757
Investment at amortized cost	14	19,655,781	23,778,968
Derivative assets	14	1,352,026	-
Deferred tax asset	34	1,902,946	-
<b>Total non-current assets</b>		<b>883,427,816</b>	<b>799,791,834</b>
<b><u>Current assets</u></b>			
Inventories	16	7,211,942	5,849,020
Investment held at fair value through profit or loss ("FVTPL")	14	210,241,101	227,510,434
Trade and other receivables	17	12,111,619	8,312,183
Amounts due from related parties	27	12,019,008	6,977,796
Cash and cash equivalents	18	85,987,587	70,223,083
Prepayment		2,699,435	1,392,740
<b>Total current assets</b>		<b>330,270,692</b>	<b>320,265,256</b>
<b>Total assets</b>		<b>1,213,698,508</b>	<b>1,120,057,090</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b><u>Equity</u></b>			
Share capital	19	120,000,000	120,000,000
Legal reserve	20	60,000,000	60,000,000
Regulatory reserve	21	60,000,000	60,000,000
Fair value reserve		(30,281,342)	(29,944,678)
Retained earnings		414,886,285	389,734,970
<b>Equity attributable to equity holders of the Company</b>		<b>624,604,943</b>	<b>599,790,292</b>
Non-controlling interests	22	4,675,594	4,849,147
<b>Total equity</b>		<b>629,280,537</b>	<b>604,639,439</b>

*continued*

# Hily Holding PJSC

Consolidated statement of financial position (continued)  
as at 31 December

	Notes	2024 AED	2023 AED
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provision for employees' end of service benefits	23	3,542,798	3,523,105
Lease liability	24	6,055,829	5,522,920
Loans and borrowings	25	247,888,604	201,020,727
<b>Total non-current liabilities</b>		<b>257,487,231</b>	<b>210,066,752</b>
<b>Current liabilities</b>			
Trade and other payables	26	95,502,111	120,401,965
Loans and borrowings	25	230,262,432	183,331,187
Amounts due to related parties	27	217,825	109,545
Lease liability	24	948,372	1,508,202
<b>Total current liabilities</b>		<b>326,930,740</b>	<b>305,350,899</b>
<b>Total liabilities</b>		<b>584,417,971</b>	<b>515,417,651</b>
<b>Total shareholders' equity and liabilities</b>		<b>1,213,698,508</b>	<b>1,120,057,090</b>

To the best of our knowledge, the consolidated financial statements fairly presents, in all material respects, the consolidated financial position, results of operation and cash flows of the Group as of, and for, the year ended 31 December 2024.

These consolidated financial statements of the Group for the year ended 31 December 2024 were approved and authorised for issue by the Board of Directors on 19/31/2025 and signed on their behalf by:

  
Ahmed Ali Khalfan Al Dhaheri  
Chairman

  
Mohammed Hafez  
Chief Financial Officer

The attached notes 1 to 35 form part of these consolidated financial statements.

The independent auditors' report is set out on pages 2 to 5.



# Hily Holding PJSC

## Consolidated statement of changes in equity for the year ended 31 December

	Share Capital AED	Legal Reserve AED	Regulatory Reserve AED	Fair value Reserve AED	Retained earnings AED	Equity attributable to equity holders AED	Non- controlling interests AED	Total Equity AED
At 1 January 2023	120,000,000	60,000,000	60,000,000	(35,586,124)	383,125,040	587,538,916	5,187,507	592,726,423
<b>Total comprehensive income for the year</b>								
Profit for the period	-	-	-	-	6,526,862	6,526,862	(338,360)	6,188,502
Other comprehensive income	-	-	-	6,174,112	-	6,174,112	-	6,174,112
<b>Total comprehensive income for the period</b>								
	-	-	-	6,174,112	6,526,862	12,700,974	(338,360)	12,362,614
Transfer to retained earning	-	-	-	(37,856)	37,856	-	-	-
Disposal of NCI without a change in control	-	-	-	(97,299)	45,212	(52,087)	-	(52,087)
Associate – share of other comprehensive loss	-	-	-	(397,511)	-	(397,511)	-	(397,511)
<b>At 31 December 2023</b>	<b>120,000,000</b>	<b>60,000,000</b>	<b>60,000,000</b>	<b>(29,944,678)</b>	<b>389,734,970</b>	<b>599,790,292</b>	<b>4,849,147</b>	<b>604,639,439</b>
At 1 January 2024	120,000,000	60,000,000	60,000,000	(29,944,678)	389,734,970	599,790,292	4,849,147	604,639,439
<b>Total comprehensive income for the year</b>								
Profit for the period	-	-	-	-	25,151,315	25,151,315	(173,553)	24,977,762
Other comprehensive loss	-	-	-	(1,389,404)	-	(1,389,404)	-	(1,389,404)
<b>Total comprehensive (loss)/ income for the period</b>								
	-	-	-	(1,389,404)	25,151,315	23,761,911	(173,553)	23,588,358
Associate – share of other comprehensive profit	-	-	-	1,052,740	-	1,052,740	-	1,052,740
<b>At 31 December 2024</b>	<b>120,000,000</b>	<b>60,000,000</b>	<b>60,000,000</b>	<b>(30,281,342)</b>	<b>414,886,285</b>	<b>624,604,943</b>	<b>4,675,594</b>	<b>629,280,537</b>

The attached notes 1 to 35 form part of these consolidated financial statements.

# Hily Holding PJSC

## Consolidated statement of cash flows for the year ended 31 December

	Note	2024 AED	2023 AED
<b>Cash flows from operating activities</b>			
Profit for the year		24,977,776	6,188,502
Adjustments for:			
Depreciation of property and equipment	7,8	3,449,242	3,547,510
Amortization of intangible assets	8	139,858	140,044
Depreciation of right-of-use assets	7	1,212,501	1,014,708
Deferred tax asset	34	(1,902,946)	-
Gain on disposal of property and equipment		-	(84,600)
Gain on sale of investments carried at FVTPL	5 (c)	(925,031)	(16,456,563)
Net changes in fair value of investments carried out at FVTPL	5 (c)	(2,809,540)	37,477,899
Provision for employees' end of service benefits	23	591,762	568,103
Gain on derecognition of ROU		(10,991)	-
Dividend income	5 (c)	(4,983,856)	(8,227,326)
Provision for expected credit losses on trade and other receivables, net	17	358,524	247,594
Provision for slow moving inventories	16	210,000	2,116,644
Increase in fair value of investment properties	13	-	(2,606,546)
Finance costs	9	35,457,149	34,491,929
Finance income	9	(4,568,596)	(2,949,039)
Share of results of associate	15	(40,130,176)	(43,796,339)
Interest income on investment at amortized cost	14	(1,421,470)	(1,932,415)
Increase on lease liability		438,417	534,413
		<b>10,082,623</b>	<b>10,274,518</b>
Changes in:			
Inventories	16	(1,572,922)	6,788,638
Trade and other receivables and prepayment	17	(5,569,362)	3,955,923
Term deposit	18	-	7,500,000
Amounts due from related parties	27	(4,967,466)	(4,011,163)
Amounts due to related parties	27	108,280	(421,168)
Trade and other payables	26	(39,735,267)	34,083,385
		<b>(41,654,114)</b>	<b>58,170,133</b>
Dividends received		4,909,847	8,227,326
Dividends received from associate	15	18,500,000	14,248,800
Interest received from investment at amortized cost	14	1,757,097	1,398,882
Employees' end of service benefits paid	23	(572,069)	(990,679)
Purchase of investment in securities	14	(67,838,260)	(234,036,086)
Purchase of investment at amortized cost	14	(11,137,730)	(14,933,436)
Proceeds from disposal of investments	14	85,450,092	134,086,295
<b>Net cash flows (used in) operating activities</b>		<b>(10,585,137)</b>	<b>(33,828,765)</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	10	(25,260,492)	(24,424,286)
Proceeds from disposal of property and equipment		-	95,153
Improvements made on an investment property	13	(1,130,721)	(168,000)
Investment in additional shares of an existing associates	14	(13,222,549)	(5,659,740)
<b>Net cash flows (used in) generated from investing activities</b>		<b>(39,613,762)</b>	<b>(30,156,873)</b>
<b>Cash flows from financing activities</b>			
Proceeds from bank borrowings		105,541,044	128,637,300
Repayment of bank borrowings		(53,343,889)	(156,120,110)
Payment of lease liabilities	24	(899,373)	(2,078,280)
Finance costs paid	25	(30,257,882)	(27,231,639)
Finance income received		3,321,536	2,949,039
<b>Net cash flows generated from / (used in) financing activities</b>		<b>24,361,436</b>	<b>(53,843,690)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(25,837,463)</b>	<b>(117,829,328)</b>
Cash and cash equivalents on 1 January		(82,318,341)	35,510,987
<b>Cash and cash equivalents on 31 December</b>	18	<b>(108,155,804)</b>	<b>(82,318,341)</b>

The attached notes 1 to 35 form part of these consolidated financial statements.

The independent auditors' report is set out on pages 2 to 5.

# Hily Holding PJSC

Notes to the consolidated financial statements (*continued*)

## **1 Legal status and principal activities**

Hily Holding PJSC (formerly known as Foodco Holding PJSC) (the "Company") is a public shareholding company incorporated in Abu Dhabi, United Arab Emirates. The Company was established in 1979. It is regulated and listed on the Abu Dhabi Securities Exchange. On 26 May 2022, the Company's name was changed from Foodco Holding PJSC to Hily Holding PJSC.

The Company and its subsidiaries (collectively referred to as the "Group") are primarily engaged in the management of securities portfolios, along with investing, development and management of real estate and commercial enterprises. The Group is also engaged in the importing and distribution of foodstuff and household items in the United Arab Emirates.

The Group is listed on Abu Dhabi Securities Exchange (Ticker: HH).

## **2 Basis of preparation**

### **(a) Going concern basis of accounting**

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to discharge its liabilities including the repayment terms of the banking facilities as disclosed in Note 25. Management has a reasonable expectation that the Group has and will have adequate resources to continue in operational existence for the foreseeable future.

### **(b) Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "IFRS Accounting Standards") as issued by International Accounting Standard Board ("IASB") and comply with applicable requirements of the UAE Federal Law No. 32 of 2021.

### **(c) Basis of measurement**

The consolidated financial statements are prepared on the historical cost basis, except for the following items measured at fair value:

- financial instruments at fair value through profit or loss and other comprehensive income
- investment properties
- derivatives

### **(d) Functional and presentation currency**

The consolidated financial statements have been presented in United Arab Emirates Dirhams ("AED"), which is the functional and presentation currency of the Company.

### **(e) Use of estimates and judgements**

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these 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 in any future periods affected.

# Hily Holding PJSC

## Notes to the consolidated financial statements *(continued)*

### **2 Basis of preparation** *(continued)*

#### **(e) Use of estimates and judgements** *(continued)*

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in note 33.

#### **(f) Basis of consolidation**

##### **i. Business combinations**

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, as of 31 December 2024. Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

# Hily Holding PJSC

## Notes to the consolidated financial statements (continued)

### 2 Basis of preparation (continued)

#### (f) Basis of consolidation (continued)

##### i. Business combinations (continued)

- The contractual arrangement with the other vote holders of an investee;
- Rights arising from other contractual arrangements; and
- *The Group's voting rights and potential voting rights.*

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

The consolidated financial statements comprise the financial statements of the Company and those of its following subsidiaries:

Name of subsidiary	Country of incorporation	Percentage of ownership		Principal activities
		2024	2023	
<b>Subsidiaries directly under the Company</b>				
National Oasis Foodstuff Company LLC	UAE	0%	100%	Packing of foodstuff
FOODCO National Foodstuff PJSC	UAE	97.78%*	97.78%	Catering services and restaurant business
Abu Dhabi National Catering LLC	UAE	100%	100%	Catering services and wholesale of foodstuff
Dana Plaza Real-Estate LLC	UAE	100%	100%	Investing, development and management of real estate and commercial enterprises
Al Dana Capital Investments - LLC - SPC	UAE	100%	0%	Management, purchase and sale of Investments

# Hily Holding PJSC

Notes to the consolidated financial statements *(continued)*

## 2 Basis of preparation *(continued)*

### (f) Basis of consolidation *(continued)*

#### i. Business combinations *(continued)*

Name of subsidiary	Country of incorporation	Percentage of ownership		Principal activities
		2024	2023	
<b>Subsidiary of FOODCO National Foodstuff PJSC</b>				
Abu Dhabi National Foodstuff Co LLC	UAE	100%	100%	Wholesale and distribution of foodstuff
NURANA Properties WLL	Bahrain	100%	100%	Investing, development and management of real estate and commercial enterprises
5PL Logistics LLC	UAE	100%	100%	Shipment, clearance and warehousing services
National Oasis Foodstuff Company LLC	UAE	100%	0%	Packing of foodstuff

\* Shares in FOODCO National Foodstuff PJSC with a quantity of 60,350,000 (31 December 2023: 50,350,000) shares are pledged with commercial banks for securing overdraft facility (Note 25). FOODCO National Foodstuff PJSC has 280,000,000 (2023: 280,000,000) shares in issue and the net equity of FOODCO National Foodstuff PJSC amounts to AED 210.9 million (AED: 218.75 million).

## 3 Change in accounting policy

### *Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants*

The Group has adopted Classification of Liabilities as Current or Non-current (Amendments to IAS 1) and Non-current Liabilities with Covenants (Amendments to IAS 1) from 1 January 2024. The amendments apply retrospectively. They clarify certain requirements for determining whether a liability should be classified as current or non-current and require new disclosures for non-current loan liabilities that are subject to covenants within 12 months after the reporting period. The Group's other liabilities were not impacted by the amendments.

Despite the change in policy, there is no retrospective impact on the comparative statement of financial position as at 31 December 2023..

# Hily Holding PJSC

## Notes to the consolidated financial statements (continued)

### 4 Material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities, except if mentioned otherwise.

#### (a) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Sale of goods	Customers obtain control of goods when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Invoices are usually payable within 60 days.	Revenue from the sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.
Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Freight forwarding and logistics services	Customers are assessed to have obtained control of the services provided when they have accepted receipt of the services.	Revenue is recognised when the performance obligations has been performed and been accepted by customers.  Revenue is recognised at point in time as the services are provided.
Storage services	Invoices for storage are issued on a monthly basis and are usually payable within 30 days.	Revenue arising from storage services is accounted for on the basis of the number of the days services are provided, and the Group recognises revenue over time, as the services are rendered.

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

# Hily Holding PJSC

## Notes to the consolidated financial statements *(continued)*

### **4 Material accounting policies *(continued)***

#### **(a) Revenue recognition *(continued)***

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- a) The Group's performance does not create an asset with an alternate use to the Group and the Group has as an enforceable right to payment for performance completed to date.
- b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- c) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

#### **(b) Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the underlying assets.



# Hily Holding PJSC

## Notes to the consolidated financial statements *(continued)*

### **4** Material accounting policies *(continued)*

#### **(b)** Leases *(continued)*

Group as a lessee *(continued)*

##### i). Right-of-use assets

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

Land	4 to 30 years
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If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to summary of material accounting policies for impairment of non-financial assets section.

##### ii). Lease liabilities

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

# Hily Holding PJSC

## Notes to the consolidated financial statements *(continued)*

### **4 Material accounting policies** *(continued)*

#### **(b) Leases** *(continued)*

Group as a lessee *(continued)*

##### ii). Lease liabilities *(continued)*

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

##### iii). Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e., below USD 5,000, when new). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices. When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease. The Group recognises lease payments received under operating leases as income on a straightline basis over the lease term as part of 'income from investment properties'.

#### **(c) Property and equipment**

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

Cost includes expenditures that are directly attributable to the acquisition of the assets including installation costs. The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance expenses are charged to the consolidated statement of profit or loss during the reporting period in which they are incurred.

# Hily Holding PJSC

## Notes to the consolidated financial statements *(continued)*

### **4 Material accounting policies *(continued)***

#### **(c) Property and equipment *(continued)***

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

##### *Depreciation*

Items of property and equipment are depreciated from the date they are available for use.

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset.

The estimated useful lives for the current and comparative years of other significant items of property and equipment are as follows:

	Years
Warehouse and office buildings	25
Equipment, furniture and fittings	10 to 20
Motor vehicles	4

The gain or loss arising on the disposal or retirement of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the property and equipment and is recognised in the consolidated statement of profit or loss in the year when the property and equipment is sold or retired.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### **Capital work-in-progress and intangibles under development**

Capital work-in-progress and intangibles under development are recorded at cost. Allocated costs directly attributable to the construction of the asset are capitalised. The capital work-in-progress and intangibles under development are transferred to the appropriate asset category and depreciated or amortised in accordance with the Group's policies when construction of the asset is completed, and the asset is commissioned.

#### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. In the case of general borrowings, a capitalisation rate, which is the weighted average rate of general borrowing costs, is applied to the expenditure on qualifying assets and included in the cost of the asset.

A borrowing originally made to develop a qualifying asset is treated as part of general borrowings when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the consolidated statement of profit or loss in the period in which they are incurred.

# Hily Holding PJSC

Notes to the consolidated financial statements *(continued)*

## **4 Material accounting policies** *(continued)*

### **(d) Investment properties**

#### *Initial recognition and measurement*

Investment properties are measured initially at cost, including transaction costs.

#### *Subsequent measurement*

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss in the period in which they arise. Fair values are determined based on an annual valuation performed by management applying valuation techniques which often involve the exercise of judgement and the use of certain assumptions and estimates.

#### *Derecognition*

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their withdrawal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in consolidated statement of profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

#### *Transfer*

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

### **(e) Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is determined on a weighted average cost basis and comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing them to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale.

# Hily Holding PJSC

## Notes to the consolidated financial statements *(continued)*

### **4 Material accounting policies *(continued)***

#### **(f) 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 indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU 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 costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, 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.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations cover a period to the end of useful life of the assets.

For assets excluding goodwill, 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 estimates the assets' or cash-generating units' recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss.

#### **(g) Financial instruments**

##### **(i) Recognition and initial measurement**

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

##### **(ii) Classification and subsequent measurement**

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

# Hily Holding PJSC

## Notes to the consolidated financial statements *(continued)*

### **4 Material accounting policies *(continued)***

#### **(g) Financial instruments *(continued)***

#### **(ii) Classification and subsequent measurement *(continued)***

##### Financial assets *(continued)*

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### **Financial assets – Business model assessment**

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

# Hily Holding PJSC

## Notes to the consolidated financial statements *(continued)*

### 4 Material accounting policies *(continued)*

#### (g) Financial instruments *(continued)*

#### (ii) Classification and subsequent measurement *(continued)*

##### **Financial assets – Business model assessment *(continued)***

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

##### **Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

##### **Financial assets – Subsequent measurement and gains and losses**

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
<b>Financial assets at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

# Hily Holding PJSC

Notes to the consolidated financial statements *(continued)*

## 4 Material accounting policies *(continued)*

### (g) Financial instruments *(continued)*

#### (ii) Classification and subsequent measurement *(continued)*

##### Financial assets – Subsequent measurement and gains and losses *(continued)*

**Debt investments at FVOCI** These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

**Equity investments at FVOCI** These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

##### Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Group's financial liabilities comprise trade and other payables, accrued expenses and other current liabilities, due to a related party, term loans, lease liability and other non-current liability, which are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis except, for short-term liabilities when the recognition of interest would be immaterial.

#### (iii) Derecognition

##### Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

##### Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.



# Hily Holding PJSC

## Notes to the consolidated financial statements *(continued)*

### **4 Material accounting policies *(continued)***

#### **(g) Financial instruments *(continued)***

##### **Financial liabilities *(continued)***

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

#### **(h) Impairment of financial assets**

##### **Non-derivative financial assets**

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly based on significant judgement. Specific factors management considers include the age of balance, background of the customers, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of the counterparty.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

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

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

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

##### *Measurement of ECLs*

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

ECLs are discounted at the effective interest rate of the financial asset.

# Hily Holding PJSC

## Notes to the consolidated financial statements *(continued)*

### **4 Material accounting policies** *(continued)*

#### **(h) Impairment of financial assets** *(continued)*

##### **Non-derivative financial assets** *(continued)*

###### *Credit-impaired financial assets*

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for a security because of financial difficulties.

###### *Presentation of allowance for ECL in the consolidated statement of financial position*

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

###### *Write-off*

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

#### **(i) Cash and cash equivalents**

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand and bank balances net of bank overdrafts and term deposits with a maturity of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value.

#### **(j) Provisions**

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

A contingent liability is disclosed if there is a possible obligation depending on whether some uncertain future event occurs or a present obligation but payment is not probable or the amount cannot be measured reliably.

# Hily Holding PJSC

## Notes to the consolidated financial statements *(continued)*

### **4 Material accounting policies *(continued)***

#### **(k) Employees' end of service benefits**

##### *Defined benefit plan*

The Group currently operates a defined benefit plan for post-employment benefit. This an unfunded scheme for defined benefits in accordance with the applicable provisions of the UAE Federal Labour Law and is based on periods of cumulative service and levels of employees' basic salaries at the end of their employment contract. The Group provides end of service benefits to its expatriate employees. The entitlement to these benefits is usually based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

##### *Defined contribution plan*

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

An actuarial valuation is not performed on staff terminal and other benefits as the net impact of the discount rate and future salary and benefits level on the present value of the benefits obligation are not expected by management to be significant.

#### **(l) Taxes**

##### *Value added tax ("VAT")*

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

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

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

##### *Income tax*

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or OCI.

##### *Current tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

##### *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

# Hily Holding PJSC

## Notes to the consolidated financial statements *(continued)*

### **4 Material accounting policies *(continued)***

#### **(l) Taxes *(continued)***

##### *Deferred tax (continued)*

Deferred tax assets are recognised for unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

#### **(m) Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

#### **(n) Fair value measurement**

The Group measures financial instruments such as financial assets at fair value through other comprehensive income at fair value at each statement of consolidated financial position date.

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

# Hily Holding PJSC

## Notes to the consolidated financial statements *(continued)*

### **4 Material accounting policies** *(continued)*

#### **(n) Fair value measurement** *(continued)*

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

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

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

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

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

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

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

#### **(o) Current versus non-current classification**

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

# Hily Holding PJSC

## Notes to the consolidated financial statements *(continued)*

### **4 Material accounting policies *(continued)***

#### **(p) Interests in equity-accounted investees**

The Group's interests in equity-accounted investees comprise interests in associate.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

#### **Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### **(q) Finance costs**

The Group's finance costs include interest expenses and the foreign currency gain or loss on financial assets and financial liabilities. Interest expense is recognised using the effective interest (EIR) method. In calculating interest expense, the effective interest rate is applied to the amortised cost of the liability.

#### **(r) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in consolidated statement of comprehensive income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. The following useful lives have been determined for acquired intangible assets:

Software	3 years
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Intangible assets with finite live are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated income statement in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

# Hily Holding PJSC

## Notes to the consolidated financial statements (continued)

### 4 Material accounting policies (continued)

#### (s) New standards or amendments for 2024 and forthcoming requirements

##### *New currently effective standards*

A number of new accounting standards are effective for annual periods beginning after 1 January 2024, and earlier application is permitted. The Group has adopted these new or amended accounting standards in preparing these consolidated financial statements however adoption of these new or amended standards did not have a material impact on the financial statements.

<b>New standard or amendments</b>	<b>Effective date</b>
Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024
Classification of liabilities as Current or Non-current - Amendments to IAS 1	1 January 2024
Lease Liability in Sale and Leaseback – Amendments to IFRS 16	1 January 2024
Supplier Finance Agreements – Amendments to IAS 7 and IFRS 7	1 January 2024

##### *Forthcoming requirements*

A number of new standards and amendment standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted; however, the Group has not early adopted any of the forthcoming new or amended standards in preparing these financial statements. Management anticipates that the application of the following standards does not have a material impact on the Group's consolidated financial statements in the period of initial application.

<b>New standard or amendments</b>	<b>Effective date</b>
Lack of Exchangeability – Amendments to IAS 21	1 January 2025
Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18 Presentation and Disclosure of Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Effective date deferred indefinitely

### 5 Revenue

#### a) Revenue from contracts with customers

	<b>2024</b>	2023
	<b>AED</b>	AED
Sale of goods	<b>50,708,833</b>	33,337,411
Freight forwarding and storage	<b>14,784,963</b>	12,960,494
	<b><u>65,493,796</u></b>	<u>46,297,905</u>

# Hily Holding PJSC

## Notes to the consolidated financial statements (continued)

### 5 Revenue (continued)

#### a) Revenue from contracts with customers (continued)

	2024 AED	2023 AED
<b>Primary Geographical Markets</b>		
United Arab Emirates	50,315,260	46,297,905
Kingdom of Saudi Arabia	2,884,276	
Kuwait	8,683,311	-
Bahrain	3,610,949	-
	<u>65,493,796</u>	<u>46,297,905</u>

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

	2024 AED	2023 AED
<b>Timing of revenue recognition</b>		
Revenue recognised over time	14,784,963	12,960,494
Revenue recognised at point in time	50,708,833	33,337,411
	<u>65,493,796</u>	<u>46,297,905</u>

#### b) Income from investment properties

The Group leases out its investment property. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Set out below is the disaggregation of the Group's income from investment properties:

	2024 AED	2023 AED
Rental income	35,135,520	34,800,686
Facility management income	221,130	238,959
	<u>35,356,650</u>	<u>35,039,645</u>



# Hily Holding PJSC

## Notes to the consolidated financial statements (continued)

### 5 Revenue (continued)

#### c) Net income from investments

	2024	2023
	AED	AED
Dividend income	4,983,856	8,227,326
Gain on sale of investments*	925,031	16,456,563
Net change in fair value of investment held at fair value through profit or loss (FVTPL)**	2,809,540	(37,477,899)
Revenue - investment at amortized cost	1,421,470	1,932,415
	<u>10,139,897</u>	<u>(10,861,595)</u>

\*The realised gain from financial instruments at FVTPL represents the difference between the carrying amount of a financial instrument at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and the consideration received on disposal.

\*\*Net change in fair value of investments held at FVTPL represents the unrealised gain which is the difference between the carrying amount of a financial instrument at the beginning of the period, or the transaction price if it was purchased in the current reporting period, and its carrying amount at the end of the reporting period.

#### 5.1 Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	2024	2023
	AED	AED
Receivables, which are included in trade and other receivables	40,389,049	36,670,774
Advances*	6,015,994	5,355,625

\*These advances primarily relate to advance from customers against rental contracts of Dana Plaza Real Estate LLC – Sole Proprietorship LLC with its customers for which revenue is recognised over time. These advances will be recognised as revenue over the period of next 2 years. Refer note 13 “Investment Property” for details of periods of realization.

### 6 Direct Costs

	2024	2023
	AED	AED
Direct Material	32,099,998	29,390,225
Other direct expenses	10,347,935	1,081,942
Investment consultancy expense	-	4,871,205
Staff costs	8,906,083	6,400,120
Utilities expenses	2,050,179	1,958,709
Rent Warehouses	1,253,307	1,148,447
Management fees	5,222,565	-
Logistic cost	5,685,957	4,235,596
	<u>65,566,024</u>	<u>49,086,244</u>

# Hily Holding PJSC

## Notes to the consolidated financial statements *(continued)*

### 6 Direct costs *(continued)*

- 6.1 Cost of goods sold represents cost of material i.e food items recorded in Abu Dhabi National Foodstuff LLC.
- 6.2 Cost of freight forwarding and storage services include costs pertaining to freight forwarding and logistics revenue and warehouse rent for warehouses of 5PL Logistics.

### 7 Selling and distribution expenses

	2024	2023
	AED	AED
Staff costs	3,813,779	4,489,834
Depreciation	3,074,268	3,042,495
Amortization of right of use of assets	1,212,501	1,014,708
Marketing department expenses	1,109,578	79,465
Transportation expenses	727,405	901,608
Tender expenses	32,100	264,800
Promotional expenses	2,102	1,357,323
Other expenses	531,934	367,102
	<u>10,503,667</u>	<u>11,517,335</u>

### 8 General and administrative expenses

	2024	2023
	AED	AED
Staff costs	10,356,061	10,156,815
Directors' remuneration	1,565,000	1,330,000
Utilities expenses	453,029	475,006
Software License and Registration	1,136,003	1,688,831
Repairs and maintenance expenses	1,010,261	1,327,679
Transportation expenses	707,899	554,458
License and registration expenses	612,695	312,440
Audit fees	531,928	507,857
Depreciation	374,974	505,015
Amortisation expenses	139,858	140,045
Legal and professional fees	179,412	229,597
Donations and Contributions	-	740,756
Other expenses	3,396,709	1,343,192
	<u>20,463,829</u>	<u>19,311,691</u>

# Hily Holding PJSC

Notes to the consolidated financial statements *(continued)*

## 8 General and administrative expenses *(continued)*

### 8.1 Audit fee

	2024	2023
	AED	AED
Financial statements audit fee*	525,000	425,000
Other services	6,928	82,857
	<u>531,928</u>	<u>507,857</u>

\*This includes financial statements audit fee for the group financial statements of the Company and for audit of standalone financial statements of its subsidiaries.

## 9 Net finance cost

	2024	2023
	AED	AED
<b>Finance costs</b>		
Interest expense on loans	35,152,683	34,342,980
Interest on lease liability	438,417	534,413
Bank charges	133,191	148,949
Other expense	171,275	-
	<u>35,895,566</u>	<u>35,026,342</u>
<b>Finance income</b>		
Interest income	(3,216,573)	(2,949,039)
Profit rate swap	(1,352,023)	-
	<u>(4,568,596)</u>	<u>(2,949,039)</u>
Net finance costs	<u>31,326,970</u>	<u>32,077,303</u>

# Hily Holding PJSC

## Notes to the consolidated financial statements (continued)

### 10 Property and equipment

	Warehouse and buildings <u>AED</u>	Equipment Furniture and fittings <u>AED</u>	Motor vehicles <u>AED</u>	Capital work in Progress* <u>AED</u>	Total <u>AED</u>
<b><u>Cost</u></b>					
At 1 January 2023	76,453,592	30,777,182	8,654,523	6,503,722	122,436,781
Additions	128,840	728,529	313,000	23,253,917	24,424,286
Disposals	-	(383,728)	(1,291,000)	-	(1,674,728)
<b>At 31 December 2023</b>	<b>76,582,432</b>	<b>31,121,983</b>	<b>7,676,523</b>	<b>29,757,639</b>	<b>145,186,339</b>
At 1 January 2024	<b>76,582,432</b>	<b>31,121,983</b>	<b>7,676,523</b>	<b>29,757,639</b>	<b>145,186,339</b>
Additions	-	<b>421,378</b>	<b>229,381</b>	<b>34,245,882</b>	<b>34,896,641</b>
Disposals	-	-	-	-	-
<b>At 31 December 2024</b>	<b>76,582,432</b>	<b>31,543,361</b>	<b>7,905,904</b>	<b>64,003,521</b>	<b>180,082,980</b>
<b><u>Accumulated depreciation</u></b>					
At 1 January 2023	23,004,322	28,211,277	8,526,894	-	59,790,255
Charge for the year	2,516,030	762,801	268,679	-	3,547,510
Relating to disposals	-	(373,325)	(1,290,850)	-	(1,664,175)
At 31 December 2023	<u>25,520,352</u>	<u>28,600,753</u>	<u>7,504,723</u>	-	61,673,590
At 1 January 2024	<b>25,520,352</b>	<b>28,600,753</b>	<b>7,504,723</b>	-	<b>61,673,590</b>
Charge for the year	<b>2,519,518</b>	<b>729,865</b>	<b>199,859</b>	-	<b>3,449,242</b>
Relating to disposals	-	-	-	-	-
At 31 December 2024	<b>28,039,870</b>	<b>29,330,618</b>	<b>7,704,582</b>	-	<b>65,122,832</b>
<b><u>Net carrying amounts</u></b>					
At 31 December 2024	<b>48,542,562</b>	<b>2,212,743</b>	<b>201,322</b>	<b>64,003,521</b>	<b>114,960,148</b>
At 31 December 2023	<u>51,062,080</u>	<u>2,521,230</u>	<u>171,800</u>	<u>29,757,639</u>	<u>83,512,749</u>

One property owned by the Group and included in property and equipment with carrying amount of AED 106,558,132 (2023: AED 17,286,370) is pledged with the bank against secured term loans.

\*Capital work in progress includes a new warehouse being constructed to increase warehousing capacity of SPL Logistics Solutions. The construction is financed from loans and borrowings (note 25) obtained by the Group. Included in this amount are capitalized borrowing costs of AED 4,384,549, calculated using a capitalization rate of 8.34%.

The depreciation charge for the period has been allocated as follows:

	2024 AED	2023 AED
Selling and distribution expenses (note 7)	<b>3,074,268</b>	3,042,495
General and administrative expenses (note 8)	<b>374,974</b>	505,015
	<b>3,449,242</b>	<b>3,547,510</b>

# Hily Holding PJSC

Notes to the consolidated financial statements (continued)

## 11 Intangible assets

	2024 AED	2023 AED
<b>Cost</b>		
At 1 January	2,805,608	2,805,608
Additions	-	-
At 31 December	<u>2,805,608</u>	<u>2,805,608</u>
<b>Accumulated amortization</b>		
At 1 January	2,486,360	2,346,314
Charge for the year	139,858	140,045
At 31 December	<u>2,626,218</u>	<u>2,486,360</u>
Net carrying amount:		
At 31 December	<u>179,390</u>	<u>319,249</u>

## 12 Right-of-use assets

	2024 AED	2023 AED
As at 1 January	7,209,091	7,311,557
Acquired during the year	519,217	912,242
Derecognition of rights of use assets*	(74,197)	-
Depreciation expense for the year	(1,212,501)	(1,014,708)
	<u>6,441,610</u>	<u>7,209,091</u>

The company did not avail exemption for any short term leases or leases of low value asset.

\*During the year, two lease contracts were cancelled.

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

	2024 AED	2023 AED
Selling and distribution expenses (note 7)	<u>1,212,501</u>	<u>1,014,708</u>

# Hily Holding PJSC

Notes to the consolidated financial statements (continued)

## 13 Investment properties

	2024	2023
	AED	AED
Warehouses	16,060,868	16,060,868
Building - commercial and residential	226,447,884	225,317,163
Land: Bahrain	<u>2,606,546</u>	<u>2,606,546</u>
	<u>245,115,298</u>	<u>243,984,577</u>

The movements in the investment properties during the year were as follows:

	2024	2023
	AED	AED
At 1 January	243,984,577	241,210,031
Additions (capitalized costs)	1,130,721	168,000
Change in fair value of investment properties	<u>-</u>	<u>2,606,546</u>
	<u>245,115,298</u>	<u>243,984,577</u>

The fair value measurement for all the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used as below.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from investment properties, taking into account the expected rental, occupancy rate and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location and lease terms.	– <b><u>Rent per Square feet:</u></b> 2024: AED 31 to AED 119 2023: AED 33 to AED 118	The estimated fair value would increase (decrease) if:
	– <b><u>Occupancy rate:</u></b> 2024: 100% 2023: 95%	– expected rental per square feet was higher (lower);
	– <b><u>Risk-adjusted discount rate:</u></b> 2024: 8% 2023: 8%	– expected operating costs not paid by tenants; – the occupancy rates were higher (lower); – the risk-adjusted discount rates were lower (higher).

# Hily Holding PJSC

## Notes to the consolidated financial statements (continued)

### 13 Investment properties (continued)

Investment property comprises a number of commercial and residential properties that are leased to third parties. Each of the leases generally contains an initial lease period of 1 year. Subsequent renewals are negotiated with the lessee every year.

Changes in fair values are recognised as gains / losses in profit or loss which are included in statement of profit or loss as increase / decrease in fair value of investment properties. All gains / losses are unrealised. The fair value of the Group's investment properties as at 31 December 2024 and 31 December 2023 has been arrived at by using discounted cash flow model prepared internally by the management.

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.

Investment properties amounting to AED 209,532,362 (2023: AED 206,892,606) are pledged against loans and borrowings (note 25) obtained by the Group to finance the construction of the warehouse.

Amounts recognised in statement of profit or loss during the year are as below:

	2024 AED	2023 AED
Rental income (note 5)	<u>35,356,650</u>	<u>35,039,645</u>
Gain due to change in fair value	<u>-</u>	<u>2,606,546</u>

Maintenance and other operating expenses related to investments properties amount to AED 724,133 (2023: AED 708,719).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting period.

	2024 AED	2023 AED
Less than one year	<u>33,608,354</u>	<u>34,792,697</u>
One to two years	<u>1,527,166</u>	<u>1,483,805</u>
	<u>35,135,520</u>	<u>36,276,502</u>

### 14 Investments, including derivatives

	2024 AED	2023 AED
Investments held at fair value through other comprehensive income	94,456,395	77,528,443
Investments held at fair value through profit and loss	210,241,101	227,510,434
Investment at amortized cost	19,655,781	23,778,968
Derivatives	1,352,026	-
	<u>325,705,303</u>	<u>328,817,845</u>

# Hily Holding PJSC

## Notes to the consolidated financial statements (continued)

### 14 Investments, including derivatives (continued)

Dividend received during the year from these investments held at the year-end amounted to AED 3,363,831 (2023: AED 5,922,172). Dividend received from investments disposed during the period amounted to AED 1,620,025 (2023: AED 2,305,155).

The investments held at FVTOCI comprise:

	2024 AED	2023 AED
Investments in quoted equity securities inside UAE	91,781,433	74,846,947
Investments in quoted equity securities outside UAE	702,960	702,960
Investments in unquoted equity securities inside UAE	1,728,487	1,728,487
Investments in unquoted equity securities outside UAE	243,515	250,049
	<u>94,456,395</u>	<u>77,528,443</u>

Industry wise breakup of investment held at FVTOCI is as follows:

	2024 AED	2023 AED
Banking	45,293,690	44,632,719
Logistics and Courier	44,000,000	27,709,000
Brokerage and investment	2,478,670	4,927,949
Other	2,684,035	258,775
	<u>94,456,395</u>	<u>77,528,443</u>

The Group designated the investments as disclosed above as investments held at FVOCI because these equity securities represent investments that the Group intends to hold for the long term for strategic purpose.

The investments held at FVTPL comprise:

	2024 AED	2023 AED
Investments in quoted equity securities inside UAE	205,990,474	221,718,499
Quoted commodities	4,250,627	5,791,862
Investments in mutual funds outside UAE	-	73
	<u>210,241,101</u>	<u>227,510,434</u>

Investment at amortized cost

	2024 AED	2023 AED
At 1 January	23,778,968	8,311,999
Purchase of financial assets	11,137,730	14,933,436
Interest income for the period	1,421,470	1,932,415
Interest received	(1,757,097)	(1,398,882)
Disposal*	(14,925,290)	-
	<u>19,655,781</u>	<u>23,778,968</u>



# Hily Holding PJSC

## Notes to the consolidated financial statements *(continued)*

### 14 Investments, including derivatives *(continued)*

\* The Group disposed its investment in Egyptian sukuku during the year due to increase in the credit risk of the financial asset. Credit risk rating of the Egyptian sukuku (EGYSK 10 7/8 02/28/26 Corp) deteriorated from B3 in February 2023 to Caa1 in March 2024.

Investment at amortized cost consists of Turkish Sukuku and Alinma Tier 1 Sukuku with a coupon rate of 7.25% and 6.5% respectively per annum. 30,000 units were purchased from Alinma Tier 1 Sukuk Limited during the year, with an issue price of 101.05 USD per unit. All of these Sukuku are currently in the name of the Chairman and assigned to the Group.

Investments at amortized cost are held within business model whose objective is to hold assets to collect contractual cash flows that are solely payment of principal and interest (SPPI) on the principal amount understanding.

The movement in financial assets was as follows:

	FVTPL 31-Dec 2024	FVOCI 31-Dec 2024	FVTPL 31-Dec 2023	FVOCI 31-Dec 2023
At 1 January	227,510,434	77,528,443	187,346,001	32,642,449
Purchase of Investments	49,520,900	18,317,356	195,035,919	39,000,167
Disposal of Investments	<u>(69,599,773)</u>	<u>-</u>	<u>(117,393,587)</u>	<u>(288,285)</u>
	207,431,561	95,845,799	264,988,333	71,354,331
Change in fair value	<u>2,809,540</u>	<u>(1,389,404)</u>	<u>(37,477,899)</u>	<u>6,174,112</u>
At end of the year	<u><b>210,241,101</b></u>	<u><b>94,456,395</b></u>	<u>227,510,434</u>	<u>77,528,443</u>

#### *Islamic derivatives held as cash flow hedge*

The Group uses profit rate swaps to hedge the profit rate risk arising from its financial instruments.

# Hily Holding PJSC

## Notes to the consolidated financial statements (continued)

### 14 Investments, including derivatives (continued)

The following table represents the Group's investments, segregated by the level of inputs used to measure each investment's fair value according to the fair value hierarchy set out by IFRS 13:

	Carrying Amount AED	Level 1 AED	Fair value		Total AED
			Level 2 AED	Level 3 AED	
<b>31 December 2024</b>					
<b>Investments held at FVTPL</b>					
Quoted share	210,241,101	210,241,101	-	-	210,241,101
<b>Investments held at FVTOCI:</b>					
Quoted shares	92,484,393	92,484,393	-	-	92,484,393
Unquoted shares	1,972,002	-	-	1,972,002	1,972,002
	<u>94,456,395</u>	<u>92,484,393</u>	<u>-</u>	<u>1,972,002</u>	<u>94,456,395</u>
<b>Investment held at Amortised cost</b>					
	<u>19,655,781</u>	<u>19,807,247</u>	<u>-</u>	<u>-</u>	<u>19,807,247</u>
<b>Total</b>	<u>324,353,277</u>	<u>322,532,741</u>	<u>-</u>	<u>1,972,002</u>	<u>324,504,743</u>
<b>31 December 2023</b>					
<b>Investments held at FVTPL</b>					
Quoted share	227,510,434	207,096,568	20,413,866	-	227,510,434
<b>Investments held at FVTOCI:</b>					
Quoted shares	74,847,199	72,350,696	2,496,502	-	74,847,198
Unquoted shares	2,681,244	-	-	2,681,244	2,681,244
	<u>77,528,443</u>	<u>72,350,696</u>	<u>2,496,502</u>	<u>2,681,244</u>	<u>77,528,442</u>
<b>Investments at Amortised cost</b>					
	<u>23,778,968</u>	<u>8,474,251</u>	<u>15,183,216</u>	<u>-</u>	<u>23,657,467</u>
<b>Total</b>	<u>328,817,845</u>	<u>287,921,515</u>	<u>38,093,584</u>	<u>2,681,244</u>	<u>328,696,343</u>

# Hily Holding PJSC

Notes to the consolidated financial statements *(continued)*

## 15 Equity-accounted investee

Name	Domiciled	% of equity held		Principal activities
		2024	2023	
Al Waha Capital PJSC	UAE	10.099%	9.5383%	Investment in a wide range of sectors including financial services, capital markets, industrial real estates, infrastructure, healthcare, fintech and oil and gas.

Effective 1 January 2021, Hily Holding PJSC gained significant influence over its investment in Al Waha Capital PJSC, holding 21.3% voting power and two board seats (out of seven), based on an arrangement with Al Wathba National Insurance Co. PJSC and Mr. Ahmed Ali Al Dhahery.

In 2024, following changes in board representation, voting power decreased to 14.4% with one board seat. Despite this, significant influence is retained due to direct and indirect voting rights and Mr. Ahmed Ali Al Dhahery's role as Vice Chairman, providing meaningful influence over financial and operational decisions.

During the year, Hily Holding PJSC acquired additional shares for AED 13.2 million, increasing its ownership to 10.1% as of 31 December 2024, resulting in a gain of AED 1.6 million.

The movement in Equity-accounted investee during the period is as follows:

	2024 AED	2023 AED
Opening balance	363,458,757	328,648,938
Purchase	13,222,548	5,659,740
Share of profit	38,508,752	41,698,489
Gain on recognition	1,621,425	2,097,850
Dividends	(18,500,000)	(14,248,800)
Share of change in other reserves	1,052,740	(397,460)
	<u>399,364,222</u>	<u>363,458,757</u>

Investment in associate securities with a quantity of 67,078,706 (31 December 2023: 67,078,706) shares are pledged with commercial banks for securing term loans (note 25). The shares pledged form 35.9% (2023: 37.4%) of the total shares 187,107,352 (2023: 179,176,216) held by the Group in its associate.

As of 31 December 2024, the quoted share price of the associate was AED 1.74 (2023: AED 1.78). Management conducted an impairment assessment using the investee's net assets at fair value instead of market capitalization, considering the stock's illiquidity

# Hily Holding PJSC

## Notes to the consolidated financial statements (continued)

### 15 Equity-accounted investee (continued)

Summarized financial information in respect of the group associate is as follows:

	<b>31 December 2024 AED</b>	31 December 2023 AED
<b>Statement of financial position</b>		
Assets	<b>14,216,850,000</b>	13,540,882,000
Liabilities	<b>(5,954,932,000)</b>	(6,871,767,000)
Net assets (100%)	<b>8,261,918,000</b>	6,669,115,000
Total equity	<b>8,261,918,000</b>	6,669,115,000
Less: Non-controlling interests	<b>(4,307,766,000)</b>	(2,911,542,000)
Equity attributable to the Owners of the Company	<b>3,954,152,000</b>	3,757,573,000
% of equity held by the Group	<b>10.099%</b>	9.538%
Group's share of associate's net assets attributable to Owners	<b>399,364,222</b>	363,458,757
	<b>Year ended 31 December 2024</b>	Year ended 31 December 2023
<b>Statement of profit or loss</b>		
Revenue from continued and discontinued operations	<b>150,111,000</b>	140,433,000
Profit for the year	<b>679,437,000</b>	820,154,000
Profit for the year attributable to:		
Owners of the Company	<b>381,277,000</b>	440,102,000
Non-controlling interests	<b>298,160,000</b>	380,052,000
Loss on acquisition	-	(2,932,000)
<b>Group's share of profit for the year (attributable to owners)</b>	<b>38,508,752</b>	41,698,489
Other comprehensive income for the year	<b>10,419,000</b>	4,167,000
<b>Group's share of other comprehensive income/ (loss) for the year (attributable to owners)</b>	<b>1,052,740</b>	(397,511)

### 16 Inventories

	<b>2024 AED</b>	2023 AED
Goods for resale	<b>6,156,464</b>	6,649,421
Consumables	<b>1,517,021</b>	1,341,914
	<b>7,673,485</b>	7,991,335
Less: allowance for slow moving inventories	<b>(461,543)</b>	(2,142,315)
	<b>7,211,942</b>	5,849,020

# Hily Holding PJSC

## Notes to the consolidated financial statements (continued)

### 16 Inventories (continued)

The movement in the allowance for slow moving inventories was as follows:

	2024 AED	2023 AED
At 1 January	2,142,315	1,789,094
Charge for the year	210,000	2,116,644
Written off during the year	(1,890,772)	(1,763,423)
	<u>461,543</u>	<u>2,142,315</u>

During the year, cost of inventories recognised as expense amounted to AED 32,099,998 (2023: AED 29,390,225) and is included in "Direct costs".

### 17 Trade and other receivables

	2024 AED	2023 AED
Trade receivables	40,389,049	36,670,774
Less: allowance for expected credit losses on trade receivables	(29,907,290)	(29,642,486)
	<u>10,481,759</u>	<u>7,028,288</u>
Advances to suppliers	1,944,234	2,081,509
Dividend receivable	374	112
Other receivables	1,755,914	1,402,625
Less: impairment losses on advance to suppliers and other receivables	(2,070,662)	(2,200,351)
	<u>12,111,619</u>	<u>8,312,183</u>

The movement in the expected credit losses on the trade receivables during the year was as follows:

	2024 AED	2023 AED
At 1 January	29,642,486	25,639,750
Charge for the year	358,524	247,594
Transfer	-	3,755,142
Reversal	(93,720)	-
At 31 December	<u>29,907,290</u>	<u>29,642,486</u>

# Hily Holding PJSC

## Notes to the consolidated financial statements (continued)

### 17 Trade and other receivables (continued)

The movement in the expected credit losses on other receivables during the year was as follows:

	2024 AED	2023 AED
At 1 January	2,200,351	3,025,307
Charge for the year	-	-
Written off during the year	-	(824,956)
Reversal	(129,689)	-
At 31 December	<u>2,070,662</u>	<u>2,200,351</u>

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

	Total	Current AED	0-30 days AED	31 - 60 days AED	61 - 90 days AED	91 – 180 days AED	>180 days AED
At 31 December 2024							
Expected credit losses rate	73%	0%	0%	4%	90%	88%	97%
Estimated total gross carrying amount at default	40,389,049		4,527,780	5,044,573	2,651,255	4,550,045	23,615,396
Expected credit loss	(29,907,290)	-	-	(200,801)	(2,396,799)	(3,992,774)	(23,316,916)
	<u>10,481,759</u>	-	<u>4,527,780</u>	<u>4,843,772</u>	<u>254,456</u>	<u>557,271</u>	<u>298,480</u>
At 31 December 2023							
Expected credit losses rate	81%	0%	0%	0%	0%	78%	100%
Estimated total gross carrying amount at default	36,670,774	1,466,905	1,226,129	1,577,597	895,544	8,293,620	23,210,979
Expected credit loss	(29,642,486)	-	-	-	-	(6,483,742)	(23,158,744)
	<u>7,028,288</u>	<u>1,466,905</u>	<u>1,226,129</u>	<u>1,577,597</u>	<u>895,544</u>	<u>1,809,878</u>	<u>52,235</u>

### 18 Cash and cash equivalents

	2024 AED	2023 AED
Cash in hand	74,524	75,894
Cash at banks – current accounts	18,968,424	3,681,578
Cash	<u>19,042,948</u>	<u>3,757,472</u>
Fixed deposits (cash equivalent) *	<u>66,944,639</u>	<u>66,465,611</u>
Cash and Cash equivalents in the statement of financial position	85,987,587	70,223,083
Less: bank overdrafts (note 25)	(194,143,391)	(152,541,424)
Cash and cash equivalents in statement of cashflows	<u>(108,155,804)</u>	<u>(82,318,341)</u>

\* These deposits have original maturity of less than 3 months and hence are classified as cash equivalents for reporting purpose.

# Hily Holding PJSC

Notes to the consolidated financial statements *(continued)*

## 19 Share capital

	<b>2024</b>	2023
	<b>AED</b>	AED
<b>Authorised, allotted, issued and fully paid</b>		
120 million shares of AED 1 each	<b>120,000,000</b>	120,000,000

## 20 Legal reserve

In accordance with UAE Federal Decree Law No. 32 of 2021 the Company is required to transfer 5% of its profit for the year to a non-distributable legal reserve until the balance of the legal reserve equals one half of the Company's paid up share capital.

## 21 Regulatory reserve

In accordance with the Company's Articles of Association, the regulatory reserve account is created by appropriation of the net profit at a rate approved by the General Assembly based on the approval of the Board of Directors.

## 22 Non-controlling interests

Non-controlling interest represents the minority shareholder's proportionate share in the aggregate value of the net assets of subsidiaries. This is composed entirely of the non-controlling interest of 2.22% in FOODCO National Foodstuff PJSC (FNF).

## 23 Provision for employees end of service benefits

	<b>2024</b>	2023
	<b>AED</b>	AED
At 1 January	<b>3,523,105</b>	3,945,681
Charge for the year	<b>591,762</b>	568,103
Payments during the year	<b>(572,069)</b>	(990,679)
	<b>3,542,798</b>	3,523,105

# Hily Holding PJSC

## Notes to the consolidated financial statements (continued)

### 24 Lease liabilities

	2024 AED	2023 AED
As at first January	7,031,122	7,662,747
Lease expired during the year	(85,182)	-
Leases recognized during the year	519,217	912,242
Interest expenses	438,417	534,413
Payments	(899,373)	(2,078,280)
	<u>7,004,201</u>	<u>7,031,122</u>

Analysed in the consolidated statement of financial position is as follows:

	2024 AED	2023 AED
Current portion	948,372	1,508,202
Non current portion	6,055,829	5,522,920
	<u>7,004,201</u>	<u>7,031,122</u>

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

	2024 AED	2023 AED
Depreciation expense of right-of-use assets (note 12)	1,212,501	1,014,708
Interest expense on lease liabilities	438,417	534,413
	<u>1,650,918</u>	<u>1,549,121</u>

The property leases contain extension options exercised by the Group up to one year before the end of the non-cancellable contract period.

The Group did not avail exemption for any short-term leases or leases of low value asset during the year.

### 25 Loans and borrowings

	2024 AED	2023 AED
Bank borrowings (note 25.1)	278,536,743	231,810,490
Trust receipts*	5,470,902	-
Bank overdrafts**	194,143,391	152,541,424
	<u>478,151,036</u>	<u>384,351,914</u>

\*Trust receipts are amounts payable to the bank against payment made by the bank to the international suppliers on behalf of the Group for the import of goods. Maturity of these trust receipt range from 3 months to 6 months.



# Hily Holding PJSC

## Notes to the consolidated financial statements (continued)

### 25 Loans and borrowings (continued)

\*\*The bank overdrafts are repayable on demand and are secured against investment in subsidiary with fair value of AED 65 million (2023: AED 60.5 million) as at year end. (Refer note 2 (e) for carrying amounts of the net assets of the subsidiary).

The Group's unutilized credit facilities as at 31 December 2024 amounted to AED 33,816,551 (2023: AED 26,958,576). The unutilized limits are mainly for overdrafts and trust receipts facilities which are utilized as per business requirements.

The movement in loans and borrowings are as follows:

	2024 AED	2023 AED
At 1 January	384,351,914	261,586,440
Additions during the year	628,521,289	645,393,766
Repayments during the year	(534,896,551)	(522,628,292)
Finance cost accrued	30,432,266	26,822,105
Finance cost repaid	(30,257,882)	(26,822,105)
	<u>478,151,036</u>	<u>384,351,914</u>

Changes in liabilities arising from financing activities:

	At 1 January AED	Cash Inflows AED	Interest accrued AED	Cash Outflows AED	At 31 December AED
<b>2024</b>					
Term loans	231,810,490	84,124,549	13,628,344	(51,026,640)	278,536,743
Trust receipts	-	21,416,495	516,912	(16,462,505)	5,470,902
	<u>231,810,490</u>	<u>105,541,044</u>	<u>14,145,256</u>	<u>(67,489,145)</u>	<u>284,007,645</u>
<b>2023</b>					
Term loans	255,009,766	128,637,300	26,822,105	(178,658,681)	231,810,490
Trust receipts	4,283,534	-	342,703	(4,626,237)	-
	<u>259,293,300</u>	<u>128,637,300</u>	<u>27,164,808</u>	<u>(183,284,918)</u>	<u>231,810,490</u>

Bank overdrafts and secured bank borrowings are repayable as follows:

	2024 AED	2023 AED
Current portion	230,262,432	183,331,187
Non-current portion	247,888,604	201,020,727
	<u>478,151,036</u>	<u>384,351,914</u>

# Hily Holding PJSC

## Notes to the consolidated financial statements (continued)

### 25 Loans and borrowings (continued)

25.1 The terms and conditions of bank borrowings are as follows:

			2024	2024	2023	2023
	Currency	Year of maturity	Face value	Carrying amount	Face Value	Carrying amount
			AED	AED	AED	AED
Murabaha	AED	2024	-	-	10,000,000	2,285,775
Mudaraba	AED	2030	75,000,000	65,000,000	75,000,000	41,000,000
Term loan 1	AED	2025	10,024,512	1,743,146	10,024,512	4,715,243
Term loan 2	AED	2030	25,697,000	1,590,118	25,697,000	3,797,965
Ijarat 1	AED	2030	38,500,000	28,875,000	38,500,000	33,687,500
Ijarat 2	AED	2031	120,000,000	84,000,000	120,000,000	96,000,000
Ijarat 3	AED	2031	45,500,000	33,058,733	45,500,000	38,568,359
Musawama Sukuk 1	AED	2025	4,098,512	4,145,197	4,098,512	4,145,969
Musawama Sukuk 2	AED	2026	-	-	7,468,753	7,609,679
Musawama Sukuk 3	AED	2027	7,462,946	7,462,946	-	-
Musharaka	AED	2031	52,661,603	52,661,603	-	-
<b>Total</b>			<b>378,944,573</b>	<b>278,536,743</b>	<b>336,288,777</b>	<b>231,810,490</b>

#### Secured Term loans

The secured term loans are secured against some investment properties with carrying amount of AED 209,532,206 (2023: AED 206,892,606), Two properties owned by the Group and included in property and equipment with carrying amount of AED 106,558,132 (2023: AED 17,286,370) and investment in associate with fair value of AED 116,716,949 (2023: AED 119,400,097). (Refer note 15).

The Group secured one loan with a local Bank with a carrying amount of AED 96,000,000 (2023: AED 84,000,000). The loan contains a covenant stating that the ratio of the finance to the value of the collateral should be maintained at 70%. At 31 December 2024, the Group complied with this covenant. Accordingly the loan is classified as non current as at 31 December 2024.

The Group expects to comply with the covenant within 12 months after the reporting date.

### 26 Trade and other payables

	2024 AED	2023 AED
Trade payables	66,416,810	100,180,114
Accruals (note 26.1)	13,816,188	11,014,162
Advances from customers (Note 5)	6,015,994	5,355,625
Retention payable	5,251,600	-
Other payables	4,001,519	3,852,064
	<b>95,502,111</b>	<b>120,401,965</b>

# Hily Holding PJSC

## Notes to the consolidated financial statements (continued)

### 26 Trade and other payables (continued)

- 26.1 Included in accruals, is an amount payable of AED 5,607,105 (2023: AED 4,871,205) for investment consultancy and management fees to a related party of the Group.

### 27 Related parties transactions and balances

The Group, in the normal course of business, enters into transactions with other enterprises, which fall within the definition of a related party contained in IAS 24. Such transactions are on agreed terms and conditions with related parties. There is no ultimate controlling party, Hily Holding P.J.S.C is the ultimate controlling party of the subsidiaries mentioned in Note 2.

	2024	2023
	AED	AED
<b>Amounts due from related parties</b>		
Entities under common control	543,531	500,817
Key management personnel	976,328	161,222
Other related parties	<u>10,499,149</u>	<u>6,315,757</u>
	<u>12,019,008</u>	<u>6,977,796</u>
<b>Amounts due to related parties</b>		
Entities under common control	71,802	43,094
Other related parties	<u>146,023</u>	<u>66,451</u>
	<u>217,825</u>	<u>109,545</u>

The Group's balances with related parties for providing investment consultancy and management fees included in the trade and other payables are as follows:

	2024	2023
	AED	AED
Entities under common control (refer to note 26.1)	-	4,871,205
Key management personnel (refer to note 26.1)	<u>5,607,105</u>	<u>-</u>
	<u>5,607,105</u>	<u>4,871,205</u>

Transactions with related parties are carried at agreed rates and are to be settled on demand. The transactions are disclosed below: (also refer note 26)

	2024	2023
	AED	AED
<b>Revenue</b>		
Entities under common control	999,436	828,421
Key management personnel	866,066	450,182
Other related parties	<u>7,282,767</u>	<u>5,694,523</u>
	<u>9,148,269</u>	<u>6,973,126</u>
<b>Expenses</b>		
Entities under common control	491,780	221,178
Other related parties	<u>349,721</u>	<u>5,001,092</u>
	<u>841,501</u>	<u>5,222,270</u>

# Hily Holding PJSC

## Notes to the consolidated financial statements (continued)

### 27 Related parties transactions and balances (continued)

Management has not identified any material transactions and balances with related parties as defined in the amendments of the existing corporate governance guide which is applicable to Public Joint Stock Companies ("PJSCs") as per the Securities and Commodities Authority ("SCA"), which are different from the IAS 24 definition.

#### Key management personnel compensation

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

	2024 AED	2023 AED
Short term benefits – Salaries	4,600,403	3,593,219
Short term benefits – leave accrual	464,291	382,143
Employees' end of service benefits	969,729	797,178
Management fees*	5,607,105	-
Total	<u>11,641,528</u>	<u>4,772,540</u>

\*The Remuneration Committee ("REMCOM") has approved a compensation to a Director of the Group of an annual management fee of 0.5% of the investment portfolio of a subsidiary to compensate him for additional responsibilities of managing the investment portfolio. This fee will be borne by the subsidiary in recognition of his efforts beyond his duties as a member of the Board of Directors of the Company.

### 28 Basic and diluted earnings per share

Basic and diluted earnings per share is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of shares outstanding during the year.

The following reflects the profit and share data used in the basic and diluted earnings per share computations:

	2024	2023
Profit for the year, year, attributable to the owners of the Company (AED)	<u>25,151,315</u>	<u>6,526,862</u>
Weighted-average number of ordinary shares issued	<u>120,000,000</u>	<u>120,000,000</u>
Basic and diluted earnings per share (AED)	<u>0.21</u>	<u>0.05</u>

# Hily Holding PJSC

Notes to the consolidated financial statements *(continued)*

## 29 Contingencies and capital commitments

### Contingent liabilities

As at reporting date, the following contingent liabilities were outstanding:

	<b>2024</b> <b>AED</b>	2023 AED
Bank guarantees	<u>1,565,992</u>	<u>1,987,245</u>
Letters of credit	<u>9,105,624</u>	<u>2,414,921</u>

The above bank guarantees were issued in the normal course of business.

### Capital commitments

As at reporting date, the capital commitments relate to the following:

	<b>2024</b> <b>AED</b>	2023 AED
Warehouse expansion	<u>7,334,002</u>	<u>41,817,382</u>

The Group is expanding one of its warehouses in Al Mafraq and has engaged an external contractor for the same. The expansion is expected to be substantially completed by July 2025.

## 30 Segment information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Officer in order to allocate resources to the segment and to assess its performance.

For operating purposes, the Group is organised into four major business segments:

- i) Investing in securities ("Investment in securities");
- ii) Investing in properties ("Investment properties");
- iii) Wholesale and distribution of food products ("Trading").
- iv) Marine, air and land shipment services along with management and operation of store and warehouses ("Freight forwarding, logistics and storage"); and
- v) Non-core business units ("All other segments")

Transactions between segments are conducted at rates determined by management taking into consideration the cost of funds

The segment assets and liabilities are as follows:

# Hily Holding PJSC

Notes to the consolidated financial statements (continued)

## 30 Segment information (continued)

	Reportable segments						Consolidated AED
	Investment in securities AED	Investment properties AED	Trading AED	Freight Forwarding, Logistics and storage AED	All other segments AED	Eliminations AED	
<b>At 31 December 2024</b>							
Assets	1,278,083,095	96,309,609	161,317,563	144,542,670	108,726,342	(575,280,771)	1,213,698,508
Liabilities	592,990,545	4,010,350	33,579,854	167,968,059	827,525	(214,958,362)	584,417,971
Equity-accounted investees	399,364,222	-	-	-	-	-	399,364,222
Capital expenditure	121,371	1,043,829	72,144	33,659,297	-	-	34,896,641
<b>At 31 December 2023</b>							
Assets	1,231,168,631	62,794,496	77,914,814	105,150,556	108,130,519	(465,101,926)	1,120,057,090
Liabilities	468,193,968	8,777,005	5,113,990	123,456,582	114,412	(90,238,306)	515,417,651
Equity-accounted investees	363,458,757	-	-	-	-	-	363,458,757
Capital expenditure	75,570	1,422,714	38,177	22,887,825	-	-	24,424,286

# Hily Holding PJSC

Notes to the consolidated financial statements (continued)

## 30 Segment information (continued)

For the year ended and December 2024:

	Reportable segments					All other segments AED	Elimination AED	Consolidated AED
	Investment in securities AED	Investment properties AED	Trading AED	Freight forwarding and storage AED				
Revenue – external	10,139,897	35,356,650	50,708,833	14,784,963	-	-	110,990,343	
Revenue – internal	-	1,915,394	-	3,324,861	-	(5,240,255)	-	
Profit (loss) for the year	6,314,923	25,141,060	892,850	(7,273,124)	(97,947)	-	24,977,762	
Interest Income	2,792,912	423,661	-	-	-	-	3,216,573	
Interest expense	(35,407,764)	(17,964)	(74,967)	(383,435)	(11,436)	-	(35,895,566)	
Depreciation and amortisation	1,073,162	79,605	141,578	2,294,756	-	-	3,589,101	
Share of results – Al Waha	40,130,177	-	-	-	-	-	40,130,177	
Net loss in fair value of investments at FVTPL	2,809,540	-	-	-	-	-	2,809,540	
Net realised income from financial instruments at FVTPL	925,031	-	-	-	-	-	925,031	
Change in fair value of Investment property	-	-	-	-	-	-	-	

# Hily Holding PJSC

Notes to the consolidated financial statements (continued)

## 30 Segment information (continued)

For the year ended 31 December 2023:

	Reportable segments						Elimination AED	All other segments AED	Consolidated AED
	Investment in securities AED	Investment properties AED	Trading AED	Freight forwarding and storage AED					
Revenue – external	(10,861,595)	35,039,645	33,337,411	12,960,494	-	-	-	70,475,955	
Revenue – internal	-	2,280,465	-	3,656,289	-	-	(5,936,754)	-	
Profit (loss) for the year	(9,654,911)	27,911,167	(8,319,561)	(4,895,496)	1,147,303	-	-	6,188,502	
Interest Income	2,223,826	725,213	-	-	-	-	-	2,949,039	
Interest expense	(34,069,515)	(203,235)	(752,951)	-	-	-	(641)	(35,026,342)	
Depreciation and amortisation	(329,556)	(828,653)	(225,156)	(2,304,190)	-	-	-	(3,687,555)	
Share of results – Al Waha	43,796,339	-	-	-	-	-	-	43,796,339	
Net loss in fair value of investments at FVTPL	(37,477,899)	-	-	-	-	-	-	(37,477,899)	
Net realised income from financial instruments at FVTPL	16,456,563	-	-	-	-	-	-	16,456,563	
Change in fair value of Investment property	-	2,606,551	-	-	-	-	-	2,606,551	

The revenue is generated from operations within several geographical markets, refer to note 5a.



# Hily Holding PJSC

Notes to the consolidated financial statements *(continued)*

## 31 Financial risk management policies

### Introduction

Risk is inherent in the Group's activities and is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group's activities expose it to a variety of financial risks: credit risk, market risk (including currency risk and cash flow interest rate risk) and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Group's strategic planning process.

Risk management is carried out by management under policies approved by the Board of Directors. Management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board of Directors provide principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

### Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group seeks to limit its credit risk with respect to trade and other receivables by monitoring outstanding receivables. Credit risk is limited to the carrying values of financial assets in the consolidated statement of financial position. The Group manages its credit risk with respect to banks by dealing with reputable banks.

The Group is potentially exposed to conception of credit risk from its financial assets which comprises principally bank balances, trade and other receivables and amounts due from related parties.

#### *Maximum exposure to credit risk*

The carrying value of total financial assets table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position:

	<b>Maximum exposure 2024 AED</b>	Maximum exposure 2023 AED
Trade and other receivables	<b>10,481,759</b>	7,028,280
Bank balances (excluding cash in hand)	<b>85,913,063</b>	70,147,189
Amounts due from related parties	<b>12,019,008</b>	6,977,796
Dividend receivable	<b>374</b>	112
Other receivable	<b>1,755,914</b>	1,402,625
Investment at amortized cost	<b>19,655,781</b>	23,778,968
	<b>129,825,899</b>	109,334,970

# Hily Holding PJSC

Notes to the consolidated financial statements (continued)

## 31 Financial risk management policies (continued)

### Credit risk (continued)

#### Maximum exposure to credit risk (continued)

The Group limits its exposure to credit risk by placing funds with banks that have high credit rating. Management actively monitors credit ratings and given that the Group has placed funds in the banks and financial institutions with high credit ratings, management does not expect any counter party to fail to meet its obligations.

The Group held cash and cash equivalents of AED 85.99 million at 31 December 2024 (2023: AED 70.22 million). Major part of the cash and cash equivalents are held with banks and financial institution counterparties, which are rated AA- to BBB+ on Fitch rating agency.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are fully provided for if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

### Liquidity risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities at maturity date.

The Group limits its liquidity risk by ensuring maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Group's liabilities. The contractual maturities of liabilities have been determined on the basis of the remaining period at the reporting date to the contractual maturity date on an undiscounted basis and do not take account of the effective maturities.

	Carrying Value AED	Contractual cash flows AED	1 year or less AED	More than 1 year AED
<b>At 31 December 2024</b>				
Trade and other payables	89,486,117	(89,486,117)	(89,486,117)	-
Amounts due to related parties	217,825	(217,825)	(217,825)	-
Lease liabilities	7,004,201	(13,897,067)	(948,372)	(12,948,695)
Loans and borrowings	478,151,036	(503,755,915)	(61,724,059)	(442,031,856)
Total	<u>574,859,179</u>	<u>(607,356,924)</u>	<u>(152,376,373)</u>	<u>(454,980,551)</u>

# Hily Holding PJSC

## Notes to the consolidated financial statements (continued)

### 31 Financial risk management policies (continued)

#### Liquidity risk (continued)

	Carrying Value AED	Contractual cash flows AED	1 year or less AED	More than 1 year AED
At 31 December 2023				
Trade and other payables	115,046,340	(115,046,340)	(115,046,340)	-
Amounts due to related parties	109,545	(109,545)	(109,545)	-
Lease liabilities	7,031,122	(13,897,067)	(1,169,914)	(12,727,153)
Loans and borrowings	384,351,914	(414,668,162)	(61,042,946)	(353,625,216)
Total	506,538,921	(543,721,114)	(177,368,745)	(366,352,369)

#### Market risk

Market risk arises from fluctuations in interest rates and currency rates. The management monitors the market risk on an ongoing basis and on any significant transaction.

#### Currency risk

Foreign currency risk comprises of transaction and consolidated statement of financial position risk. Transaction risk relates to the Group's cash flow being adversely affected by a change in the exchange rates of foreign currencies against UAE Dirham. Consolidated statement of financial position risk relates to the risk of the Group's monetary assets and liabilities in foreign currencies acquiring a lower or higher value, when translated into UAE Dirham, as a result of currency movements.

The Group frequently deals in US Dollars, Bahraini Dinar, Omani Riyal, Saudi Riyal, Syrian Pound and Euro. As the US Dollar is pegged to the UAE Dirham, balances in this currency are not considered to represent significant foreign currency risk.

The table below calculates the effect of a reasonably possible movement of AED currency rate (with a sensitivity of 10% increase or decrease in currency rates) against the following currencies, with all other variables held constant, a decrease of 10% in currency rates on the consolidated statement of profit or loss:

	US Dollar	Bahraini Dinar	Omani Riyal
<b>At 31 December 2024</b>			
Financial assets (at respective currencies)	<b>8,440,498</b>	<b>25,002</b>	<b>39,613</b>
Financial assets (AED)	<b>31,018,828</b>	<b>243,516</b>	<b>363,647</b>
Exchange rate			
- As at 31 December 2024	<b>3.675</b>	<b>9.7437</b>	<b>9.18</b>
- Average for the year	<b>3.675</b>	<b>9.7429</b>	<b>9.18</b>

# Hily Holding PJSC

## Notes to the consolidated financial statements (continued)

### 31 Financial risk management policies (continued)

#### Market risk (continued)

##### Currency risk (continued)

	US Dollar	Bahraini Dinar	Omani Riyal
At 31 December 2023			
Financial assets (at respective currencies)	9,217,892	25,672	39,613
Financial assets (AED)	33,875,752	250,049	363,647
Effect on profit for the year (AED)	-	25,005	36,365
Exchange rate			
- As at 31 December 2023	3.6725	9.7437	9.5338
- Average for the year	3.6725	9.7429	9.5388

The increase would have an opposite impact.

#### Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit based on the floating rate financial instruments held at 31 December 2024 and 31 December 2023. The aggregate exposure as of 31 December 2024 amounted to AED 478,151,036 (2023: AED 384,351,914 ).

	Increase in basis points	Impact on profit or (loss)
<b>31 December 2024</b>	<b>+100</b>	<b>4,781,510</b>
<b>AED</b>	<b>-100</b>	<b>(4,781,510)</b>
31 December 2023		
AED	+100	3,228,831
	-100	(3,228,831)

# Hily Holding PJSC

## Notes to the consolidated financial statements (continued)

### 31 Financial risk management policies (continued)

#### Market risk (continued)

##### Interest rate risk (continued)

The Group has assessed the impact of above standard. Based on the assessment, management noted that all the borrowings are linked to EIBOR which is not ceasing. Hence, the borrowings will not be impacted by the reform/transition. Accordingly, there is no impact on the financial statements of the Group as at the reporting date as a result of IBOR reform.

#### Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain future development of the business. Management ensures that healthy capital ratios are maintained in order to support its business and to maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. There are no regulatory imposed requirements on the level of share capital which the Group has not met. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders or inject share capital. Capital comprises share capital, legal reserve, regulatory reserve, fair value reserve, retained earnings and non-controlling interests.

The Group monitors capital using a ratio of 'net debt' to 'equity'. Net debt is calculated as borrowings, lease liabilities, trade and other payables, amounts due to related parties, less bank balances and cash. 'Equity' comprises all components of equity as shown in the statement of financial position.

	2024 AED	2023 AED
Borrowings	478,151,036	384,351,914
Lease liabilities	7,004,201	7,031,122
Trade and other payables	95,502,111	120,401,965
Amounts due to related parties	217,825	109,545
Less: bank balances and cash	<u>(85,987,587)</u>	<u>(70,223,083)</u>
<b>Net debt</b>	<b>494,887,586</b>	<b>441,671,463</b>
<b>Equity</b>	<b><u>629,280,537</u></b>	<b><u>604,639,439</u></b>
Net debt to equity ratio	<u>0.78</u>	<u>0.73</u>

### 32 Fair values of financial instruments

All of the Group's financial assets are measured at amortised cost except for investment in securities which are measured at fair value. All the financial liabilities are carried at amortised cost. The fair values of financial assets and liabilities carried at amortised cost approximate their carrying values as stated in the consolidated statement of financial position unless otherwise disclosed.

Breakdown of financial assets are as follows:

# Hily Holding PJSC

Notes to the consolidated financial statements *(continued)*

## 32 Fair values of financial instruments *(continued)*

	2024 AED	2023 AED
Trade and other receivables	12,111,619	8,312,183
Derivatives	1,352,026	-
Bank balances (excluding cash in hand)	85,913,063	70,147,189
Amounts due from related parties	12,019,008	6,977,796
Investments held at fair value through other comprehensive income ("FVTOCI")	94,456,649	77,528,443
Investments held at fair value through other through profit or loss ("FVTPL")	210,240,847	227,510,434
	<u>416,093,212</u>	<u>390,476,045</u>

## 33 Accounting estimates and judgments

In the process of applying the Group's accounting policies, which are described in note 2 (d), management has used estimates and made following judgement that have the most significant effect on the amounts of assets and liabilities recognised in the consolidated financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### Estimates

#### *Valuation of investment properties*

Investment properties are stated at fair value as at the consolidated statement of financial position date. Gains or losses arising from changes in the fair values are included in the consolidated statement of profit or loss in the year in which they arise. The fair values of investment properties are determined by management through an in-house valuation model. The valuation techniques adopted comprise the discounted cashflow method.

The determination of the fair value of investment properties requires the use of estimates such as future cash flows from assets and discount rates applicable to those assets. These estimates are based on local market conditions existing at the consolidated statement of financial position date. In arriving at their estimates of fair values as at 31 December 2024 and 2023, management have used their market knowledge and professional judgment and have not only relied solely on historic transactional comparables. (Refer to note 13)

### Judgement

#### *Equity accounted investee – whether the Group has significant influence over an investee*

The Group has applied the equity method to account for its investment in Al Waha Capital PJSC, in accordance with IAS 28 Investments in Associates and Joint Ventures. Determining whether the Group continues to exert significant influence over the associate requires considerable management judgment, as its ownership stake is 10.099% (below the 20% threshold typically indicating significant influence). However, the Group has concluded that it does possess significant influence, based on both qualitative and quantitative factors. (Refer to Note 15).

# Hily Holding PJSC

## Notes to the consolidated financial statements (continued)

### 34 Corporate Tax

UAE Federal Decree-Law No (47) of 2022 on the Taxation of Corporations and Businesses:

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses ('the CT Law') to enact a Federal corporate tax ('CT') regime in the UAE. The CT Law will be effective for financial years beginning on or after 1 June 2023 and therefore applicable to the Group from FY 2024 onwards. The Cabinet Decision No. 116 of 2022 specifies the threshold of income (as AED 375,000) over which a corporate tax of 9% would apply and accordingly, the CT Law is now considered to be substantively enacted.

For the Group, current taxes shall be accounted for as appropriate in the financial statements for the period beginning 1 January 2024. In accordance with IAS 12 Income Taxes, the related deferred tax accounting impact has been considered for the year ended 31 December 2024.

The management of the Group has formed a tax Group where in all subsidiaries in the are included in the same tax Group at the level of Hily Holding PJSC, the parent Company, for the purpose of determining taxable income in accordance with Article 42 of the Federal Decree Law No. 47 of 2022. Consequently, the Parent Company consolidates the financial results, assets and liabilities of the subsidiaries within the Tax group election for the relevant Tax period, eliminating transactions between Parent and each subsidiary that is member of the Tax Group.

Amounts recognised in statement of profit or loss

	2024	2023
	AED	AED
Current tax	-	-
Deferred tax	<u>1,902,946</u>	<u>-</u>
	<u>1,902,946</u>	<u>-</u>

Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate

The income tax rate applicable to the Group's income is 9% (for the year ended 31 December 2024 (2023: Nil)). A reconciliation between the expected and the actual tax charge is provided below:

	2024	2023
	AED	AED
Total comprehensive income before tax	<u>23,074,816</u>	-
Tax on profit before tax @ 9%	(2,076,733)	-
Adjustment for tax on exempt incomes	4,695,201	-
Adjustment for tax on non-deductible adjustments	<u>(715,522)</u>	-
Deferred tax asset	<u>1,902,946</u>	-

# Hily Holding PJSC

Notes to the consolidated financial statements *(continued)*

## 34 Corporate Tax *(continued)*

### Movement in deferred tax balances

	Net balance at 1 January AED	Recognised in profit or loss AED
Investments held at fair value through other comprehensive income	(24,749)	(2,227)
Investments held at fair value through profit or loss	(95,812)	(8,624)
Disallowed interest carried forward	4,277,153	384,944
Tax loss carried forward	16,987,253	1,528,853
<b>Tax assets before set off</b>	<b>21,143,845</b>	<b>1,902,946</b>
Set off of tax	-	-
<b>Net tax assets</b>	<b>-</b>	<b>1,902,946</b>

The Group's consolidated effective tax rate in respect for the year ended 31 December 2024 was 0 % percent (for 2023: Nil).

The Group will continue to monitor any further announcements and perform further assessment to ensure compliance with the Regulations.

## 35 Comparative figures

The comparative figures have been reclassified in order to conform to the current presentation and improve the quality of information presented. However, there was no effect on previously reported total assets, total equity, total liability and profit for the year.



# Corporate Governance Report

# Hily Holding (P.J.S.C)

## Governance Report of 2024



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## **Introduction:**

HILY Holding PJSC hereinafter referred to as Hily Holding and / or the Company effectively applies the principles of corporate governance due to the keenness of the Board of Directors to protect and maximize the shareholders' equity; the Company is committed to apply the principles of Corporate Governance in accordance with the Securities and Commodities Authority (SCA) Resolution No. (3/RM of 2020) concerning the regulations of Corporate Governance and standards of institutional discipline.

The Board of Directors adopted a Corporate Governance guide which includes a set of rules and policies, and by which the commercial, financial, and administrative operations of the company are managed and monitored to achieve its goals and plans in order to ensure compliance with the best corporate governance practices and standards of institutional discipline. This helps the Board of Directors to exercise the responsibilities entrusted to it by the Company its shareholders. The Board of Directors may modify some of these regulations or dispense some of them as they deem appropriate in accordance with their accumulated experiences or as required by the applicable laws and regulations.

Regulation also stipulates that these rules, regulations, and policies are binding on all members of the Board of Directors, Executive Management, Managers and Employees, and may be amended only by a decision of the Board.

## **1. The company's commitment to implement corporate governance:**

FY 2024, the Company implemented following to comply with the Commodities Authority (SCA) Resolution No. (3/RM of 2020) concerning the regulations of Corporate Governance and standards of institutional discipline.

- 1- The Board of Directors held five meetings as well as one General Assembly has been held.
- 2- The Company used to disclose its quarterly financial results annual financial statements duly audited by its external auditors within the allowed deadline. Also, the company disclosed the most important decisions taken by the Board of Directors and sent copies of those decisions to the Securities and Commodities Authority (SCA).
- 3- Four Audit Committee and two Nomination and Remuneration Committee meetings were held. Written reports were submitted to the Board of Directors with the recommendations, and implementation for follow-up.
- 4- The independent members of the Board of Directors signed the independence form prepared by the Securities and Commodities Authority (SCA) and the Nomination and Remuneration Committee periodically made sure of their independence and that there was no change in their situation.
- 5- The company disclosed the changes in the executive senior management as soon as they happened.
- 6- The Investor Relations page on the Company's website was updated periodically with the disclosures and information.
- 7- The Company's Board of Directors has adopted the implementation of the internationally recommended **Internal Control over Financial Reporting (ICFR) system** based on the **COSO Framework**, and the executive management has commenced the practical steps for its implementation in compliance with the decisions of the **Securities and Commodities Authority (SCA)**.

  
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## 2. Board of Directors trading in the company shares

HILY Holding PJSC has adopted a policy approved by the Board of Directors considering the corporate governance guidelines. This policy defines the rules with respect to trading of the Board members in company shares. Further, the policy aims are maintenance the good reputation of the Company board of directors and management also enhance the confidence of the investors in the company that the board members and employees do not exploit insider information for their own benefit.

HILY Holding PJSC applies all regulations issued by the Board of Directors of the Securities and Commodities Authority, as a part of the policy pursued by the government to monitor the Securities and commodity market and to prevent manipulation and to maintain the principle of transparency of information.

The most important policies are temporarily restricting the dealings of board members, senior executives and the related person:

These individuals are prohibited from dealing in any security of the Company during the following periods:

- 1- 10 working days before the announcement of any material information that would affect the share price.
- 2- 15 days before the end of the quarterly and annual financial period until the disclosure of financial statements.

HILY Insiders may trade in the shares of the company from time to time, by complying with the following:

- A. investor strategy, so that his/her trade does not take the form of speculation. In general, Insiders may not change the direction of investment at any week of the sale to purchase or vice versa.

### Disclosure:

The Board of Directors of HILY Holding PJSC are committed to disclosure of their transactions in the company's securities in accordance with the mechanisms described above as follows:

- a) Member of The Board of Directors, senior executives, Company secretary and their relatives, should submit a report that shows his/her direct and indirect interests of in the company shares or should submit a declaration denying the same.
- b) A summary of the labor contract with Members of the Board of Directors and Chief Executive Officer if any should be provided with details of all contracts that the CEO or CFO or members of the Board of Directors and their relatives may have substantial interest should be submitted, or denial of the same.

Members of the Board of Directors and senior executives of the company have submitted the Insiders declarations according to the internal regulations in this regard.

### **The statement of the board members and their first-degree relatives trading in the securities of the company during the year 2024.**

Name	Position/ relationship	Shares held as of 31/12/2024	Total Sale Transactions	Total Purchase Transactions
Ahmed Ali Khalfan Al Dhaheri	Chairman	1,871,798	-	-
Mohamed Saeed Al Qubaisi	Vice Chairman	145,305	-	-
Dr. Mohamed Ali Al Hosani	Board Member	25,596	-	-
Mohamed Ali Khalfan Al Dhaheri	Board Member	3,600	-	-
Shukri Salem Musabah AlMeheiri	Board Member	-	-	-
Mohamed Rashed Darwish AlKetbi	Board Member	-	-	-
Mariam Naser Hasan AlZaabi	Board Member	-	-	-

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### 3. The Board of Directors

The members of the Board of Directors of the Company are keen to run the business with values and ethics that leads to good decision making. The Board consists of members with variety of specialties include Accounting, strategic planning, Legal, Marketing, human resources, Governance, risk management, mergers and acquisitions and other expertise that ensure transparency and accountability.

The current board consists of five members. The majority are non-executive directors and two-thirds are independent members. The independent members have signed the declaration of independence form prepared by the Securities and Commodities Authority.

#### **Members of the Board of Directors:**

<b>Ahmed Bin Ali Khalfan Al Dhaheri (The Chairman)</b>	<b>Non-executive/ non-Independent</b>	<b>The term of membership since the first election: 22 years.</b>
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Mr. Al Dhaheri is a holder of a BS in Accounting from the College of Administration and Economics from the American University of Seattle, a Chartered Public Accountant Certificate from California, Higher Diploma in Business Administration - Accounting Specialization - with honors from the Higher Colleges of Technology in Abu Dhabi.

He began his career as a sales manager at Ali and Sons Co, and served as Vice Chairman of the Board and Executive Director of the Group of Companies Ali & Sons since 1998 AD and since July 2014 he has become the Chairman of the Board of Directors of the Group of Companies Ali & Sons, in addition to his duties as a member of the boards of directors of several other companies. He has worked as a Board member of Al Qudra Holding Company, also he has worked for more than five years as a member of the Board of Directors of the Chamber of Commerce and Industry of Abu Dhabi. CEO of Injaz Mena Investment Company and the General Manager and Executive Managing Director of the Abu Dhabi National Foodstuff Company.

<b>Mohamed Saeed Abdullah Al Qubaisi Vice Chairman</b>	<b>Non-executive/ non-Independent</b>	<b>The term of membership since the first election: 16 years.</b>
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Mr. Al Qubaisi has distinctive business and investment experience in many areas as oil fields, insurance, banking, education and others. He Owns and manages several private institutions (Mohammed Al Qubaisi Projects, Al Najma Services, Al Najma Security Services, Tawam Agriculture). He worked as chairman and member of many boards of directors of local and foreign companies and institutions. He was a member of the Board of Directors of the Abu Dhabi Chamber of Commerce and Industry from 1982 to 1991 and was re-elected to the membership again for the period 2006-2009

<b>Dr. Mohamed Ali Khamis Al Hosani</b>	<b>Non-executive/ non-Independent</b>	<b>The term of membership since the first election: 30 years.</b>
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Dr. Hossani is a holder PhD in Business Management from Berkeley University (USA), Diploma & master's degree of Management in Investment and Finance, University of Hull (UK), Bachelor of Computer Science, Mathematics and Statistics, Institute of Information Management (UK), Certified Management Accountant (CMA), Fellow of the Information Systems Management Association, Fellow of the British Management Association.

He is currently the Managing Director and Chief Executive Officer of Amwal Holding and a Board member of Sense Gourmet Food Co. (PSC), Al Salam Bank- Sudan, Al Salam Bank- Algeria and Emarati Group.

He worked as Chief Executive Officer of Al-oula Investment Company, General Manager of Saadiyat Free Zone Authority, Deputy Director of Treasury Department, Abu Dhabi Investment Authority, Assistant General Manager of Abu Dhabi Investment Company and CEO of Abu Dhabi National Foodstuff Company, Member of the Board of Directors of the Lebanese Bank of Commerce (France)

From 1996 to 1999 he was President of the UAE Financial Markets Association (France). He was one of the founders of the Abu Dhabi Securities Market and the Dubai Financial Market in 1999 and 2000 and was the Chief of Technical Analysts in UAE and UK.

<b>Mohamed Ali Khalfan Al Dhaheri</b>	<b>Non-executive/ non-Independent</b>	<b>The term of membership since the first election: 16 years.</b>
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A results-oriented and seasoned executive with over 16 years of progressive experience in multiple industries, currently in the role of Managing Director for Automotive in Ali & Sons Holding LLC. Possessing comprehensive skill set and proven track record of success, effectively managing diverse portfolio of international automotive brands; Audi, Volkswagen, Skoda, Porsche, MG, and Emirati local brand Eurostar-Rent-A-Car. Actively serves as Board member of Ali & Sons Holding (L.L.C), Hily Holding(PJSC) and the Vice Chairman of Foodco National Foodstuff (PrJSC), providing governance oversight and strategic direction to around 18 subsidiaries across 5 major industries in the gulf region."

<b>Shukri Salem Musabah Humaid AlMeheiri</b>	<b>Non-executive/ Independent</b>	<b>The term of membership since the first election: 1 year.</b>
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Mr. Shukri is a holder of a master's degree in public administration development from Western Michigan University, USA, and a bachelor's degree in economics from Indiana University, USA. He is a member of the Board of Directors of Al Wathba National Insurance Company. He currently runs his own business in the field of real estate development. He previously worked as General Manager of Dubai Investments Industrial Company from 2006 to 2014, and Director of Business Development for Dubai Investments Company from 2001 to 2006. He also served as CEO of Abu Dhabi Investment Company and Oman Emirates Holding Company (UAE Branch) from 1995 to In 2006, he was Director of Finance at Tawam Hospital - Ministry of Health from 1992 to 1995, Marketing Officer at Abu Dhabi National Oil Company ADNOC from 1985 to 1990.

<b>Mohamed Rashed Darwish AlKetbi</b>	<b>Non-executive/ Independent</b>	<b>The term of membership since the first election: 1 year.</b>
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He holds a bachelor's degree in human resources management from Abu Dhabi University. Experienced investment professional with a strong background in financial analysis and portfolio management, skilled in risk assessment and market research, with a proven track record of delivering solid investment returns. Passionate about identifying strategic investment opportunities and driving financial growth. From February 2023 to the present, he has experienced cryptocurrency mining, and from April 2018 to date, he has created and managed an investment fund that focuses on various financial assets and markets. He previously worked as a director at RDK Group.

<b>Mariam Naser Hasan Naser AlZaabi</b>	<b>Non-executive/ Independent</b>	<b>The term of membership since the first election: 1 year.</b>
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Mrs. Mariam is a holder of a Bachelor's degree in Computer Science, Ajman University of Science and Technology, UAE, and several international professional certificates in procurement, international commercial contract management and international sourcing. A proven professional with extensive experience in Governance, Risk and Compliance, IT management and services support. Skilled in leading teams, implementing strategic initiatives and ensuring adherence to legal and operational standards. Adept at contract negotiation, risk assessment, stakeholder engagement, and project management. Recognized for delivering exceptional results and driving organizational success through strategic planning and effective execution.

She previously worked as Governance, Risk & Compliance Dept Manager at Gulf Total Tractable Power Company (GTTTC), Project Onwe semi-government, , Support Services Department Manager TTE O&M (plant operator) from 2009-2015, IT Manager at TTE O&M. and IT Engineer at TTE O&M Company 2004-2006.

**A) Statement of the members of the Board of Directors in other companies"**

Member's Name	Membership in other Companies (regulatory, governmental, commercial)	Position
Ahmed Bin Ali Al Dhaheri (The Chairman)	Waha Capital Company.PJSC Al Ramz Corporation PJSC	Vice Chairman Board Member
Mohamed Saeed Al Qubaisi Vice Chairman	.	-
Mohamed Ali Al Hossani	Foodco National Foodstuff Co. PSC AlEmarati Group (PSC) Al Salam Bank - Sudan	Chairman Chairman Board Member
Mohamed Ali Al Dhaheri	Foodco National Foodstuff Co. PSC	Vice Chairman
Shukri Salem Musabah AlMeheiri	Al Wathba National Insurance Co. PJSC	Board Member
Mohamed Rashed Darwish AlKetbi	-	-
Mariam Naser Hasan AlZaabi	-	-

**B) Female Representation in the Board of Directors is 14%**

**C) Directors' Remunerations:**

- AED 600,000/- was the total paid remuneration to the Board of directors for the year 2023.
- A board remuneration of AED1,750,000/- for the year 2024, will be proposed to the General Assembly which scheduled to be held in April 2025.
- Details of allowances for attending the sessions of the committees derived from the Board of Directors, which were paid to the BOD member for the fiscal year 2024:

Name	Allowances for attending the BOD Committees		
	Name of Committee	allowances amount	Number of Meetings
Mohamed Ali Al Hosni	Audit Comt + Nom & Rem Comt	45,000	4+2
Mohamed Saeed Al Qubaisi	Nom & Rem Comt	5,000	0+1
Mohamed Ali Al Dhaheri	Nom & Rem Comt	10,000	2
Mohamed Rashid Al Ketbi	Audit Comt	15,000	3

- Other remuneration paid to the Board Members for the executive committees for the subsidiaries:

Name	Allowances for attending Executive committees for the subsidiaries		
	Name of Committee	allowances amount	Number of Meetings
Ahmed Ali Al Dhaheri	FNF Executive committees & 5PL sub-committee	20,000	3+1
Mohamed Ali Al Hosni	FNF Executive committees	15,000	3
Mariam Naser Hasan Alzaabi	5PL sub-committee	5,000	1

- Other remuneration paid to the Board Members:

The Nomination & Remuneration Committee has approved an annual management fee for the Chairman for his role as the responsible manager of the subsidiaries engaged in financial and real estate investments. This amount will be paid by the subsidiary in recognition of his additional efforts beyond his duties as Chairman of the holding company.

  
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D) Board of Directors Meetings held during the financial year ended December 31, 2024:

Meetings till April 2024

SN	Date of Meeting	Number of Attendees out of 5	Number of Attendance by Proxy	Names of Absent members
1	March 19	5	-	-

New BOD elected on April 2024

SN	Date of Meeting	Number of Attendees out of 7	Number of Attendance by Proxy	Names of Absent members
2	April 25	5	-	Mohamed Al Qubaisi/Shukri AlMeheiri
3	May 13	7	-	-
4	August 12	6	-	Shukri AlMeheiri
5	November 12	4	-	Mohamed AlQubaisi/Shukri AlMeheiri/Mohamed AlKetbi

E) No Approval By Circulation was issued by the Board During the year 2024.

**4. Board Committees**

**- The Audit Committee**

a. "I, Dr. Mohamed Al Hosani - Chairman of the Audit Committee, acknowledge my responsibility for the committee's system in the company and for my review of its mechanism and effectiveness"

b. **Members:** Mr. Mohamed Al Hosni. Chairman (Non-Independent/Non-Executive)  
Mr. Mohamed Rashid AlKetbi Member (Independent/Non-Executive)  
Ms. Vibhu Joshi Member (External Expert)

**c. Duties:**

- Develop and apply the policy of appointing external auditors and report to the Board of Directors identifying important issues that might need action and recommending the steps to be taken.
- To monitor and monitor the independence and objectivity of the external auditor and discuss the nature and scope of the audit and its effectiveness in accordance with the approved auditing standards.
- Monitor the integrity of the company's financial statements and reports (annual, semi-annual and quarterly) and review them as part of their normal work during the year and after closing accounts in any quarter, with special emphasis on the following:
  - Any changes in accounting policies and practices.
  - Highlight the areas of the Board of Directors' discretion.
  - Substantial adjustments resulting from audit.
  - Assuming continuity of business.
  - Compliance with the accounting standards determined by the Authority.
  - Compliance with the rules of incorporation, disclosure and other legal requirements related to the preparation of financial reports.

- d. Coordinating with the Board of Directors of the Company, the Executive Management and the Financial Manager or the concerned Manager, in order to perform its duties. The Committee shall meet with the auditors of the Company at least once a year.
- e. Consider any important and unusual items that are or should be included in such reports and accounts and shall give due attention to any matters raised by the Company's CFO, the concerned Manager or the Auditors.
- f. Reviewing the financial control, internal control and risk management systems of the company.
- g. Discuss the internal control system with management and ensure that it fulfills its duty to establish an effective internal control system.
- h. Consider the results of the main investigations in the internal control matters assigned to it by the Board of Directors or are initiated by the Committee and the approval of the Management.
- i. Ensure the existence of coordination between the internal auditors of the company and the external auditor and ensure the availability of resources necessary for the internal audit and review and control the effectiveness of that device.
- j. Review the financial and accounting policies and procedures of the company.
- k. Reviewing the External Auditor's letter of work and its plan and any material queries raised by the auditors on the executive management regarding accounting records, financial accounts or control systems and their response and approval.
- l. Ensure that the Board of Directors responds in a timely manner to the clarifications and material issues raised in the external auditor's letter.
- m. Establish controls that enable the Company's staff to report any potential irregularities in financial reports, internal controls or other matters confidentially and steps to ensure independent and fair investigations of such violations.
- n. Monitor the company's compliance with the Code of Professional Conduct.
- o. Ensure the application of the rules of work for the functions and powers assigned to it by the Board of Directors.
- p. Report to the Board of Directors on matters listed in this item.
- q. Consideration of any other matters determined by the Board of Directors.

### Meetings of the Audit Committee

#### Meetings till April 2024

Meetings	Meeting Date	Attendance*			Remarks
		Mohamed Al Hosani	Mohamed AlQubaisi	Vibhu Joshi	
1 <sup>st</sup> Meeting	March 19	*	*	*	In presence of the External Auditor

#### The new committee appointed on April 2024

Meetings	Meeting Date	Attendance*			Remarks
		Mohamed Al Hosani	Mohamed AlKetbi	Vibhu Joshi	
2 <sup>nd</sup> Meeting	May 9	*	*	*	In presence of the External Auditor
3 <sup>rd</sup> Meeting	August 9	*	*	*	In presence of the External Auditor
4 <sup>th</sup> Meeting	November 7	*	*	*	In presence of the External Auditor

## • Audit Committee Annual Report

The key areas of focus for the Audit Committee during the year 2022 remained to be overall risk management and internal controls system within the company, financial reporting, compliance & governance, internal audit, and external audit, Commitment of maintaining a robust internal control environment. Below a summary of the Adut committee activities held during the year 2024

- The Committee reviewed the Corporate Governance Report for FY 2023 and verified the Company's compliance with all legal requirements for disclosure in accordance with the instructions and decisions of SCA.
- Reviewed the quotations received from external auditors on the services and the work performed during the year, the Committee recommended to the Board that KPMG be appointed to perform the audit work for the year ended 31/12/2024 for AED 525,000 for Hily Holding and subsidiaries. an additional AED 40,000 was approved for scope expansion related to 2023.
- 2024 Auditor Evaluation:
  - Independence: Confirmed through declarations and adherence to ethical standards.
  - Performance: KPMG delivered quality services with no significant delays.
- Reviewed the quarterly and annual financial statements and the internal control department reports and communicated key information with recommendations to the Board.
- Approved the risk analysis and internal audit plan for 2024.
- The Committee reviewed quarterly reports of the Internal Controls Department, including internal audit reports, and follow-up on implementation of the internal audit plan for 2024.
- The committee reviewed all transactions conducted by the related parties and ensured compliance with the applicable laws in this regard.
- Internal Control Over Financial Reporting (ICFR)  
The Committee led the supervision of the ICFR (COSO Framework) implementation, ensuring alignment with SCA regulations. Activities included:
  - Framework Design and Monitoring: Worked with management and Internal Audit to ensure all financial processes are covered.
  - Testing: Monitored design effectiveness testing; operational effectiveness testing to begin in 2024 and to be ongoing 2025.
- Supported management's plan for UAE Corporate Tax group registration.
- Investment in Al Waha Capital PJSC: Confirmed equity accounting treatment under IAS 28 based on KPMG's review.
- Monitoring the company's compliance with the rules of the Code of Conduct, no violation of the code of conduct has been found during the year 2024

## - The Nomination & Remunerations Committee

a. "I, Shukri Salem AlMeheiri - Chairman of the Nomination & Remuneration Committee, acknowledge my responsibility for the committee's system in the company and for my review of its mechanism and effectiveness"

### b. Members:

Mr. Shukri Salem AlMeheiri	Chairman (Independent/Non-Executive)
Mr. Mohamed Ali Al Hosani,	Member (Non-Independent/Non-Executive)
Ms. Mariam Naser Al Zaabi	Member (Independent/Non-Executive)

### c. Duties:

1. Prepare the human resources and training policy and monitor its implementation. This policy shall be reviewed annually.
2. Preparation of the policy of granting bonuses and benefits, incentives and salaries and review the same annually.

3. Define the company's needs in competencies at the level of senior executive management and employees and the bases of their selection.
4. Ensure independence of the independent of members.
5. Prepare a policy for the nomination to the membership of the Board of Directors and Executive Management, which aims at taking into consideration gender diversity within the formation and encouraging women through incentives, programs and training.
6. Organizing and following up the procedures for nomination to the Board of Directors in accordance with applicable laws and regulations.
7. Review the structure of the Board of Directors and make recommendations regarding possible changes.
8. Any other matters determined by the Board of Directors

### The Meetings of the Nomination & Remunerations Committee

The Meetings	Meeting Date	Attendance*		
		Mohamed Al Qubaissi	Mohamed Al Hosni	Mohamed Al Dhaheri
1 <sup>st</sup> Meeting	March 13	-	*	*
2 <sup>nd</sup> Meeting	April 16	-	*	*

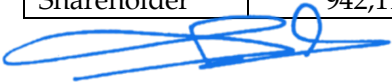
### - Insiders' Trading Follow-up & Supervision Committee

- a. "I, Dr. Mohamed Al Hosani - Chairman of the Insiders' Trading follow-up & Supervision Committee, acknowledge my responsibility for the committee's system in the company and for my review of its mechanism and effectiveness"
- b. **Members**  
Mr. Mohamed Ali AL Hosani, Chairman  
Mr. Mohamed Hafez , Member  
Ms. Taysir Mokashfi , Member
- c. **Functions & Duties:**  
- Manage, follow up and supervise the Insiders' trading and their ownership of the company shares, keep their records and submit the periodic reports and reports to the market.
- d. **Summary of the Committee activities in 2024:**  
- Maintain and review the Insiders' List periodically and ensure that it is updated immediately on the ADX website.  
- Ensure that all insiders have signed and confirmed their commitment to maintain the confidentiality of information and data relating to the company and its customers and bear all legal effects in the event of leakage of this information or data, and notify the company of any transactions they make on the securities of the parent company or subsidiary before and after the conduct of such trades.  
- Request a periodic report from the Abu Dhabi Securities Exchange for insider trading and ensure its conformity with the company's record and disclosures of those insiders of their trades, so that the report of the insiders committee will be submitted accordingly to the Board of Directors.

\*No Board of Directors' tasks or functions were performed by the Executive Management pursuant to an authorization by the Board of Director to the Management during 2024.

### **F) Statement of details of transactions made with related parties (stakeholders) during 2024:**

Related Party	Sales	Purchases	Nature
Director	8,068,922	(349,721)	Sales /Facility management/leasing/Logistic services
Shareholder	942,112	(491,780)	Insurance/maintenance expense and rent



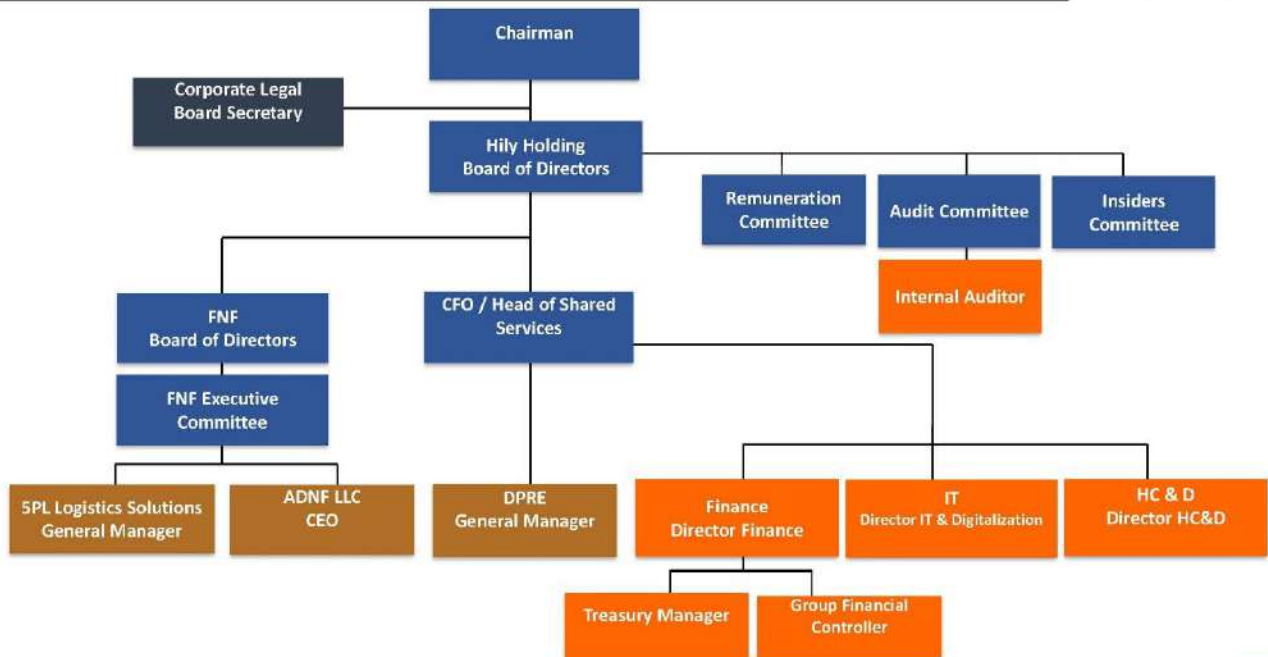
## 5. Board Evaluation

The annual evaluation of the performance of the company's board of directors, Board committees and Executive Management for the year 2024 was carried out by the Nomination and Remuneration Committee through the self-evaluation questionnaire.

## 6. Organization Structure & Executive Management

### - Organization Structure:

#### HILY HOLDING PJSC



### - Total Salaries, Allowances and Bonuses paid to the senior executive staff (1<sup>st</sup> & 2<sup>nd</sup> row of Organization Structure):

	Total Salaries and Allowances paid in 2024 (AED)	Total Bonuses paid in 2024 (AED)	Any other cash/in-kind benefits for 2024 paid
Executive Management Team	4,579,756	108,115.22	1,071,420

## 7. The External Auditor:

KPMG audits the company's accounts; the following is a brief information:

KPMG has been in the Lower Gulf (UAE and Oman) since 1973, have they built competent team of more than 30 partner and 700 professionals at their offices in Abu Dhabi, Dubai, Sharjah, Jebel Ali, Ras Al Khaimah, Fujairah and Muscat. The customer base includes governmental departments and institutions of social services for both government and private sector, the reputable commercial and Islamic banks, the financial institutions, oil and gas companies, utilities and the manufacturing companies.

Their Record of the Company shows commitment to the autonomy and governance and retain the highest level of standards:

- The first accounting company that publishes audited accounts and annual reports.
- The first accounting company that takes a strategic decision to sell its advisory then retains the bulk of the proceeds of the sale in the business to further strengthen the company's budget and investment in technology and its own resources.

It has supported the work of a professional clear repair, including continuous rotation of audit partners, which supports the company's methodology in maintaining the highest standards of independence and transparency.

<b>Auditing Firm Name</b>	<b>KPMG</b>	
<b>Auditor Partner Name</b>	Mohammad Zamani	
<b>The number of years served as an auditor for the company</b>	4 years.	
<b>Total fees for auditing the financial statement of 2024 (AED)</b>	AED525,000/-For the annual and interim consolidated financial statements of Hily Holding and its subsidiaries, in addition to AED40,000/- Auditing fees FY 2023	
<b>The fees and costs of the special services other than auditing of the financial statements in 2024 (AED)</b>	NA	
<b>The details and nature of other services provided</b>	NA	
<b>Other services performed by an external auditor other than the Companies Auditors in 2024</b>		
<b>Crow Mak</b>	AED 7,000	ICV Certificate
<b>(Grant Thornton)</b>	AED 27,543	Accounting Consultation
<b>(Grant Thornton)</b>	AED 16,438	TAX consultation
<b>(BOT)</b>	AED 67,436	TAX consultation

\*The were no qualified opinions made by the company's external auditor in the interim and annual financial statements for 2024.

## **8. Internal Control System**

- a. The Board of Directors declares its responsibility for the structure of the internal control system of the Company, which it deems necessary to preserve the Company's assets, protect its assets and ensure the preparation of financial statements free of material misstatement, whether due to fraud or error, and is responsible for verifying its effectiveness.
- Internal control includes the organizational plan, all consistent methods and standards adopted by the company to protect its assets, control accuracy and confidence in its accounting statements, improve production efficiency, and encourage adherence to pre-set administrative policies.
- b. The Board of Directors of the Company has decided to establish the Internal Control Department and has been entrusted with the following basic tasks:
1. Review the financial control and internal control systems and risk management.
  2. Discuss the internal control system with the Management and ensure that it fulfills its duty to establish an effective internal control system.
  3. Consideration of the results of the main investigations in internal control matters assigned to it by the Board of Directors or at the initiative of the Committee and the approval of the Management.
- Internal Control Department Manual, which states its functions and powers, have been approved by the Board.
- c. Mr. Osama Mohamed Ali Al-Issa, the Internal Auditor, master's degree holder/Accounting& Finance), with 24 years' experience within Internal Audit positions. He joined the company on 17/1/2023.
- d. The Compliance Officer Ms. Samah Mohamed Hassan holds a bachelor's degree in Accounting, with 6 years' experience in Administration and Accounting. She joined the company on 23/5/2024.
- e. The company did not face any major problems during 2024 and in case of any, it shall be dealt with in accordance with the requirements of the matters.
- f. The Internal Control Department has submitted three reports to the Board of Director during 2024.

## **9. Violations committed during 2024**

No violations committed against the company during 2024.

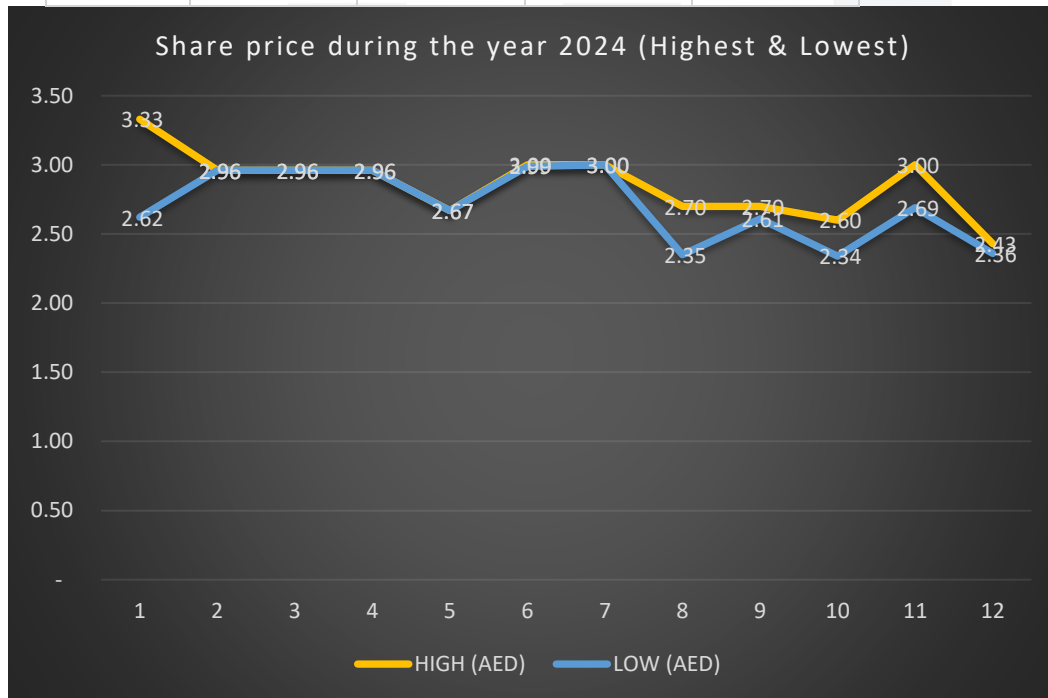
## **10. The Company's Contribution During 2024 towards the of Local Community Development and Environmental conservation**

- The company was keen to apply the best practices to protect the environment and conform to health, security and safety standards for its employees and visitors. It is committed to the UAE laws and regulations in this regard.
- The company also organized blood donation campaign among its employees on February 2024
- No cash/in-kind contributions were made during 2024.

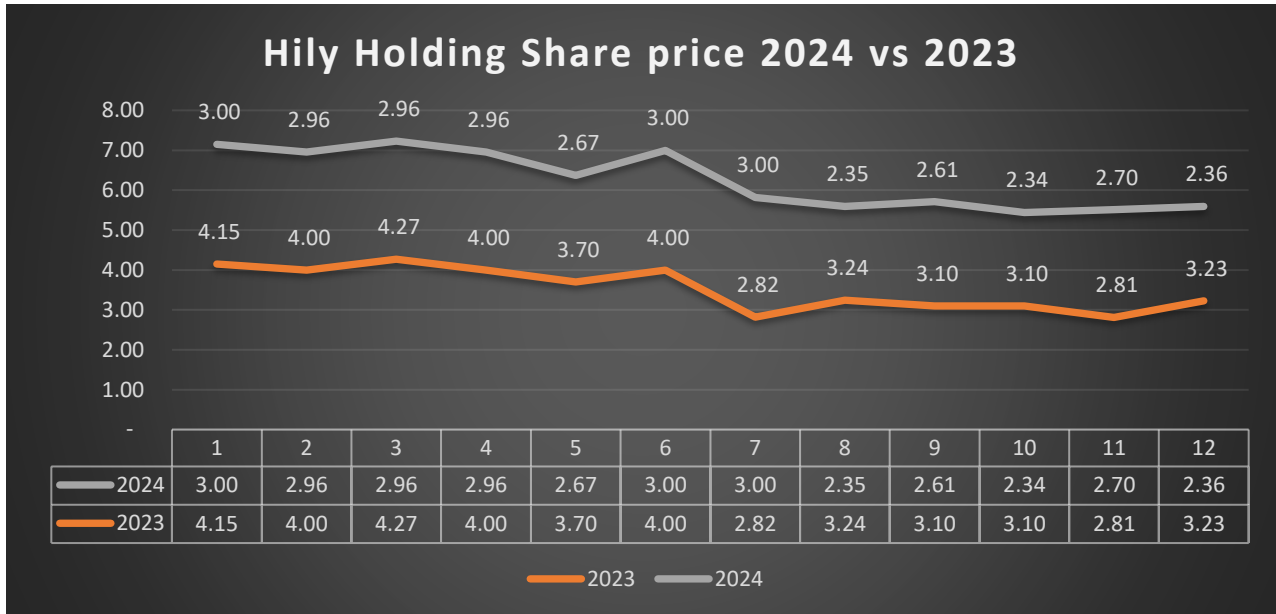
## 11. General Information

### a. Share price during the year 2024 (highest & lowest)

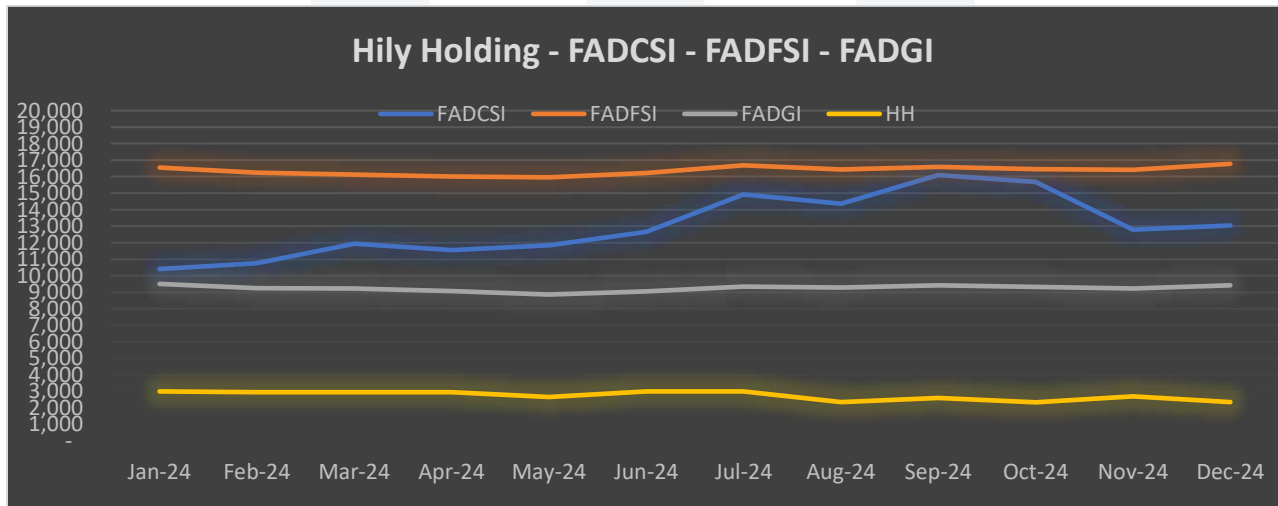
Month	OPEN (AED)	CLOSE (AED)	HIGH (AED)	LOW (AED)
1	2.91	3.00	3.33	2.62
2	2.96	2.96	2.96	2.96
3	2.96	2.96	2.96	2.96
4	2.96	2.96	2.96	2.96
5	2.67	2.67	2.67	2.67
6	2.99	3.00	3.00	2.99
7	3.00	3.00	3.00	3.00
8	2.70	2.35	2.70	2.35
9	2.70	2.61	2.70	2.61
10	2.60	2.34	2.60	2.34
11	2.69	2.70	3.00	2.69
12	2.43	2.36	2.43	2.36







**b. Share performance Comparison 2024**



<b>FADCSI</b>	FTSE ADX Consumer Staples Index
<b>FADFSI</b>	FTSE ADX Financials Index
<b>FADGI</b>	FTSE ADX General Index

**c. Shareholding Distribution as of 31/12/2024:**

Shareholder Category	Percentage of Shares Held			
	Individual	Companies	Government	Total%
Local	41.26	58.29	-	99.55
Arab	00.18	00.01	-	00.19
Foreign	00.26	-	-	00.26
<b>Total</b>	<b>41.70</b>	<b>58.30</b>	-	<b>100.00</b>

**d. Statement of shareholders holding 5% or more of the capital as of 31/12/2024**

Name	No of Shares held	%
Al Wathba Insurance Company PJSC	27,394,692	22.83
Ali & Sons Holding L.L.C.	27,377,341	22.81
Mariyam Ahmed Abdullah Abdol Al Khumairi	17,435,714	14.53
Ali & Sons Company, owned by Ali & Sons Co	11,748,388	9.79
Mohamed Bin Ahmed Bin Saeed Al Qassimi	9,661,691	8.05

**e. Shareholding Distribution to the size of equity as at 31/12/2024.**

SL	Share(s) Owned	No of Shareholders	No of Shares held	Percentage to Capital
1	Less than 50,000	305	3072544	%2.56
2	50,000 -500,000	81	13956630	%11.63
3	500,000-5,000,000	9	9353000	%7.79
4	More than 5,000,000	5	93617826	%78.01

**f. Procedures taken with respect of the controls of investors' relation.**

1. Investor Relation Officer details:

Fadi Sarris

Tel : +971 2 6731000 – ext 1200, Mobile : 056-6888410

E-mail : [Fadi.Sarris@hilyholding.com](mailto:Fadi.Sarris@hilyholding.com)

2. The link of Investor Relation webpage on the website of the company:

<https://hilyholding.com/fact-sheet>

**g. Special resolutions presented to the General Assembly held in 2023.**

	The special resolution	Procedures taken with respect thereto
1.	Approval of the Board of Directors proposal to provide social contributions and authorize the Board of Directors to determine beneficiaries, such contribution shall not exceed (2%) of the company's average net profits during the two prior fiscal years (2022/2023).	No cash/in-kind contributions were made during 2024

- h. \* **Name of the Rapporteur Board meetings** : Taysir Mokashfi  
• **Date of Appointment** : Jan 2017

• **Qualifications:**

She holds a bachelor's degree in Economics, Faculty of Economics and Social Studies, University of Khartoum. 23 years' experience (accounting, board secretary, investor relations), courses and workshops on governance and sustainability

• **Tasks during the Year 2024:**

- Editing the minutes of the meetings of the Board of Directors and its committees, including details of the issues considered and decisions taken, taking into consideration the necessary controls for those minutes (date and method of the invitation, venue, timing, end of time, proof of attendance and representation).
- Keeping the minutes of the meetings of the Board of Directors and its committees.

- i. **Significant event took place in the company in 2024.**

None

- j. **Statement of the transactions made with related parties during the year 2024 that are equal to 5% or more of the company's capital.**

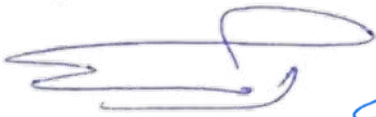
None

- k. **Emiratization percentage in the company.**

Year	2022	2023	2024
Percentage	1.35	1.01	3.31

- l. **Innovative projects and initiatives implemented by the company, or which were under development during 2024**

None



Ahmed Ali Al Dhaheri  
Chairman  
of the Board of Directors

18/03/2025



Dr. Mohamed AlHosani  
Chairman  
of the Audit Committee

18/03/2025



Shukri AlMeheiri  
Chairman of the Nomination  
& Remuneration Committee

18/03/2025



Osama Al-Issa  
Internal Control  
Manager

18/03/2025



# Sustainability Report

# Sustainability Report 2024

**STRONGER TOGETHER**

أقوى معا



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# 1. INTRODUCTION

As we proudly present the **sixth edition** of our annual Sustainability Report, **Hily Holding PJSC** reaffirms its unwavering commitment to fostering sustainable business practices that drive both growth and shared value for all stakeholders. This report highlights our dedication to **ethical and responsible operations**, emphasizing our continued efforts in **environmental stewardship, social impact, and governance excellence**.

Through this report, we outline our progress in sustainability, showcasing our **Environmental, Social, and Governance (ESG) performance, key initiatives, and achievements throughout 2024**. Our approach remains deeply aligned with international best practices and industry benchmarks.

This report has been prepared in reference to the **Global Reporting Initiative (GRI) Sustainability Standards, ADX ESG Disclosure Guidance, and the United Nations Sustainable Development Goals (UNSDGs)**, reinforcing our transparency and accountability in sustainability reporting.

## Disclaimer

Hily Holding PJSC has made every effort to ensure the accuracy and reliability of the information presented in this sustainability report. However, certain statements may be forward-looking, based on assumptions derived from currently available information. Given the ever-evolving business environment and emerging risks, these assumptions are subject to change.

Hily Holding PJSC does not assume any obligation to publicly update or revise the information contained in this report. This document is for informational purposes only and should not be considered a recommendation to buy, sell, or hold securities. The company shall not be held responsible for any loss or damage resulting from the use of the information presented in this report.





## 2. ABOUT US

As we proudly present the **sixth** edition of our annual Sustainability Report, Hily Holding PJSC reaffirms its unwavering commitment to fostering sustainable business practices that drive both growth and shared value for all stakeholders. This report highlights our dedication to **ethical and responsible operations**, emphasizing our continued efforts in **environmental stewardship, social impact, and governance excellence**.

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**3**

**MANAGEMENT  
STATEMENT**

# CHAIRMAN'S STATEMENT



Dear Stakeholders,

It is a privilege to address you through this report and share Hily Holding PJSC's ongoing commitment to integrating sustainability into our business model.

In an ever-evolving business landscape, we recognize that sustainability is a continuous journey—one that demands constant adaptation and improvement. Our commitment remains steadfast as we refine our practices, set ambitious growth targets, and align our strategic impact with the UAE's visionary goals. Together, we strive to build a future defined by resilience, responsibility, and long-term sustainability.

We sincerely appreciate the unwavering support and collaboration of our stakeholders, whose trust and partnership continue to drive our success.

Ahmed Bin Ali Al Dhahry  
Chairman of the Board

# MANAGEMENT STATEMENT



Dear Stakeholders,

At Hily Holding PJSC, we recognize that our employees are at the heart of our sustainability journey. Their commitment and expertise are the driving forces behind our continued progress and success.

As we expand and grow, maintaining financial sustainability and operational responsibility remains a top priority. By embedding sustainability into our financial strategies, we not only mitigate risks but also unlock new opportunities for long-term value creation.

In today's rapidly evolving business environment, Environmental, Social, and Governance (ESG) factors play a pivotal role in shaping our success. They influence investment decisions, enhance brand reputation, and strengthen stakeholder relationships. Through dedicated initiatives focused on waste reduction, carbon footprint minimization, and the promotion of ethical business practices, we remain steadfast in our mission to drive positive and lasting impact across our operations.

**Mohamed Hafez**  
*Chief Financial Officer*

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4

# ORGANIZATIONAL STRUCTURE

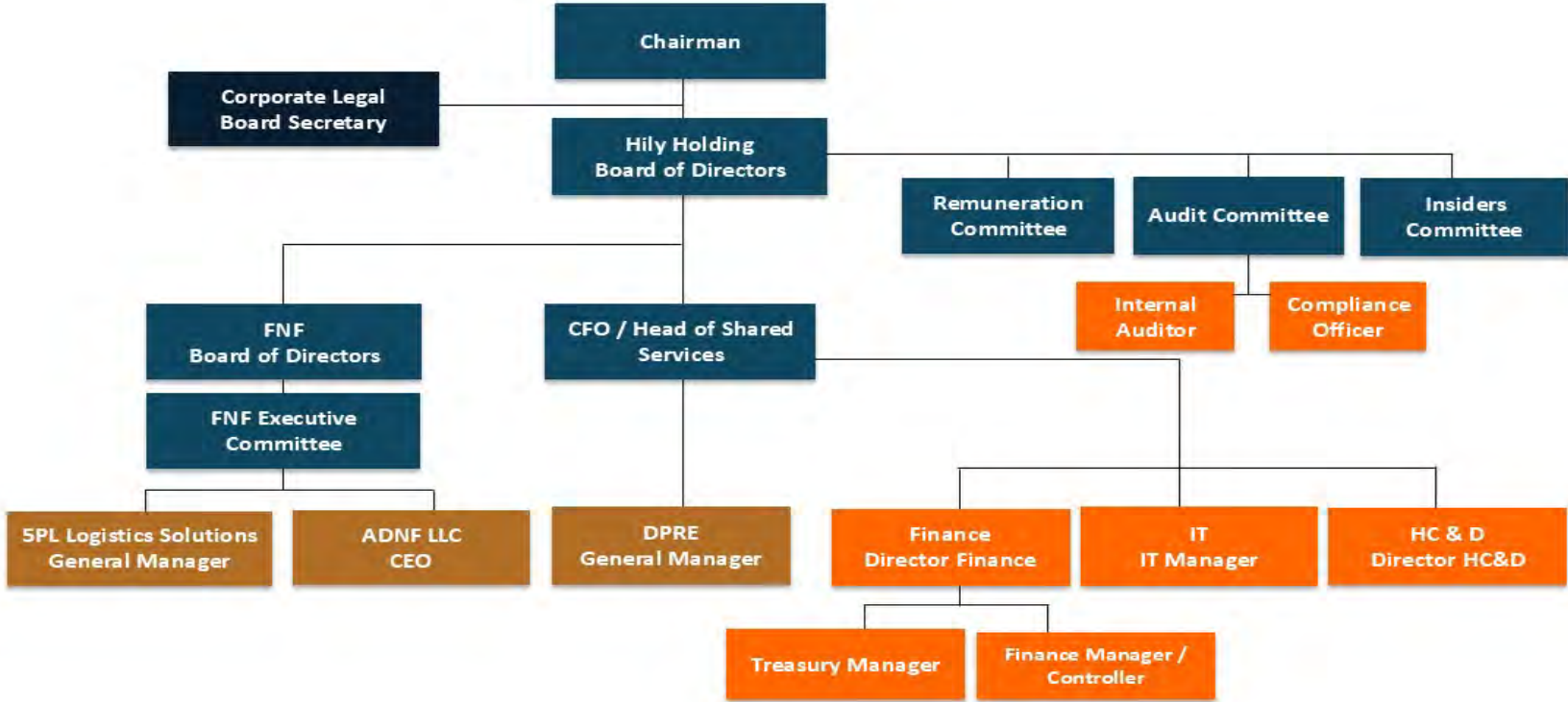
# ORGANIZATIONAL CHART

At Hily Holding PJSC, we are deeply committed to conducting business with integrity, transparency, and the highest ethical standards. This commitment is reflected in our strong corporate governance framework, which serves as the backbone of our operations.

Our governance structure ensures adherence to the principles of good governance, fostering ethical decision-making and long-term sustainable value creation for our stakeholders. We continuously align our corporate governance practices with Environmental, Social, and Governance (ESG) standards, the Abu Dhabi Vision 2021, and the latest global best practices.

The nomination and selection of the highest governance body strictly adhere to the corporate governance guidelines set by the UAE government and the Securities and Commodities Authority (SCA), ensuring a transparent and merit-based selection process.

This overview highlights our dedication to strong leadership, regulatory compliance, and responsible corporate management as we navigate the path toward sustainable growth.



# BOARD OF DIRECTORS



Ahmed Bin Ali Al  
Dhahry  
Chairman of the Board



Mohamed Saeed Abdulla Al  
Qubaisi  
Vice Chairman



Mohammed Ali Al  
Hosani  
Board Member



Mohamed bin Ali Al  
Dhahry  
Board Member



Mariam Naser Hasan Naser  
AlZaabi  
Board Member



Shukri Salem Musabah  
Humaid AlMeheiri  
Board Member



Mohamed Rashed  
Darwish Ahmed AlKetbi  
Board Member

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**5**

**MISSION, VISION  
& GOALS**

# MISSION

---

**Be a Support System**  
By enacting growth and enabling the best corporate governance practices across all group levels

# VISION

---

**Act as a mentor**  
By ensuring subsidiary companies are properly resourced and well managed to ultimately achieve their core objectives.

# PROMISE

---

**Sustain Growth**  
By steadily driving resources optimization, improving processes and ensuring quality delivery.

# GOALS

---

**Sustainability Leadership:** Strive for excellence in ESG practices.

**Portfolio Diversification:** Expand investments sustainably.

**Stakeholder Engagement:** Foster transparent collaboration.

**Innovation and Technology:** Utilize innovation for efficiency and sustainability.

**Community Impact:** Improve well-being through targeted initiatives.

**Governance Excellence:** Uphold highest ethical standards.

**Talent Development:** Invest in employee growth and diversity.

**Partnerships:** Collaborate for societal and environmental impact.



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6

# ABOUT THE REPORT

# ABOUT THE REPORT

## Our Approach

At Hily Holding PJSC, our commitment to sustainable business practices is built on three fundamental principles: innovation, responsibility, and collaboration. These pillars guide our efforts to drive positive environmental and social impact across all our sectors.

In the food industry, through our subsidiary Foodco National, we prioritize ethical sourcing, supporting local suppliers and fair-trade practices while ensuring the highest standards of food safety and quality. We are dedicated to minimizing food waste through optimized supply chain management and promoting healthier eating habits within our communities.

Within general trading, our sustainability focus extends across our entire value chain. We partner with environmentally responsible suppliers and invest in technology-driven solutions to enhance logistics efficiency, reduce our carbon footprint, and ensure sustainable resource utilization.

In the real estate sector, our subsidiary Dana Real Estate is committed to developing eco-friendly communities that emphasize energy efficiency, green building practices, and sustainable urban planning. Our projects prioritize public spaces that enhance social well-being, fostering a balance between modern development and environmental preservation.

Beyond our industry-specific initiatives, we actively engage with government entities, non-profit organizations, and industry partners to amplify our sustainability impact. At Hily Holding PJSC, sustainability is more than just a goal—it is a core element of our corporate ethos, shaping our decisions and actions as we strive to build a prosperous, resilient, and sustainable future for generations to come.

# ABOUT THE REPORT

## Reporting Framework

Hily Holding PJSC's 2024 Sustainability Report is prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards, ensuring alignment with internationally recognized frameworks such as the United Nations Sustainable Development Goals (UN SDGs) and the United Nations Global Compact (UNGC) Principles. Additionally, the report reflects regional sustainability strategies, including the Dubai Plan 2040 and Abu Dhabi Economic Vision 2030, reinforcing our commitment to both global and local sustainability objectives.

This report covers material topics within Hily Holding's direct sphere of influence, encompassing employees, owned assets, business sectors, agencies, and subsidiaries. It also acknowledges the indirect impact of our operations through business relationships with contractors, suppliers, customers, and vendors. By adopting this comprehensive and transparent approach, we ensure accountability in addressing sustainability challenges while fostering positive environmental, social, and economic impacts across our organization and its wider network.

## Feedback and Suggestions

At Hily Holding PJSC, we highly value your feedback and suggestions regarding our activities, operations, and sustainability commitments. Your insights play a crucial role in helping us enhance our sustainability performance and drive continuous improvement.

We encourage you to share your thoughts, ideas, and recommendations with us at [info@hilyholding.com](mailto:info@hilyholding.com). Your engagement is important to us, and we look forward to hearing from you as we work together toward a more sustainable future.



# OUR APPROACH TO SUSTAINABILITY

# OUR APPROACH TO SUSTAINABILITY

**Sustainable Supply Chain Management:** Organizations are integrating sustainable practices across their supply chains by responsibly sourcing materials, minimizing waste, and upholding ethical labor standards. By partnering with like-minded suppliers who prioritize sustainability, companies can effectively reduce environmental and social impacts, while enhancing transparency, accountability, and long-term resilience within their operations.



**Circular Economy Initiatives:** By adopting the principles of a circular economy, companies are redesigning products and processes to reduce waste and optimize resource efficiency. These efforts include product refurbishment, recycling programs, and the integration of sustainable materials, ultimately minimizing environmental impact and fostering long-term sustainability.



**Carbon Neutrality Commitments:** Companies are establishing ambitious goals to achieve carbon neutrality or net-zero emissions by actively reducing greenhouse gas emissions across their operations. By implementing energy efficiency enhancements, carbon offset initiatives, and investing in carbon capture technologies, they are taking significant steps to combat climate change and drive a more sustainable future.



**Stakeholder Engagement and Transparency:** Organizations are actively engaging with stakeholders—including investors, employees, customers, and communities—to gather insights, encourage dialogue, and strengthen trust in their sustainability initiatives. By maintaining transparency in their environmental, social, and governance (ESG) performance, these companies reinforce accountability and drive meaningful change across their industries and beyond.



**Innovation for Sustainability:** Companies are leveraging technology and innovation to create sustainable solutions for complex global challenges. This includes advancements in clean energy, sustainable agriculture, waste management, and water conservation. By continuously investing in research and development, these organizations are accelerating progress toward a more resilient and sustainable future.



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8

# OUR CORPORATE VALUES

# OUR CORPORATE VALUES



## Preserve Reputation

Uphold integrity, transparency, and ethical conduct. Cultivate trust through consistent delivery, responsible actions, and genuine engagement. Safeguard brand image with accountability, authenticity, and proactive reputation management.



## Leadership, Teamwork & Stakeholder Engagement

Engaging with stakeholders, including employees, customers, suppliers, and communities, to understand their concerns and incorporate their feedback into decision-making processes.



## Environmental Stewardship

Commitment to minimizing environmental impact through sustainable practices such as reducing carbon emissions, conserving natural resources, and implementing recycling programs.



## Transparency and Accountability

Providing clear and comprehensive reporting on sustainability performance, including goals, progress, and challenges, and holding oneself accountable for achieving targets.



## Employee Empowerment

Empowering employees to contribute to sustainability efforts through training, education, and participation in volunteer activities and green initiatives.



## Continuous Improvement

Committing to continuously improving sustainability practices through regular assessment, innovation, and adaptation to changing environmental and social conditions.

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9

# EXPLANATION OF HILY HOLDING'S CONCEPT OF MATERIALITY

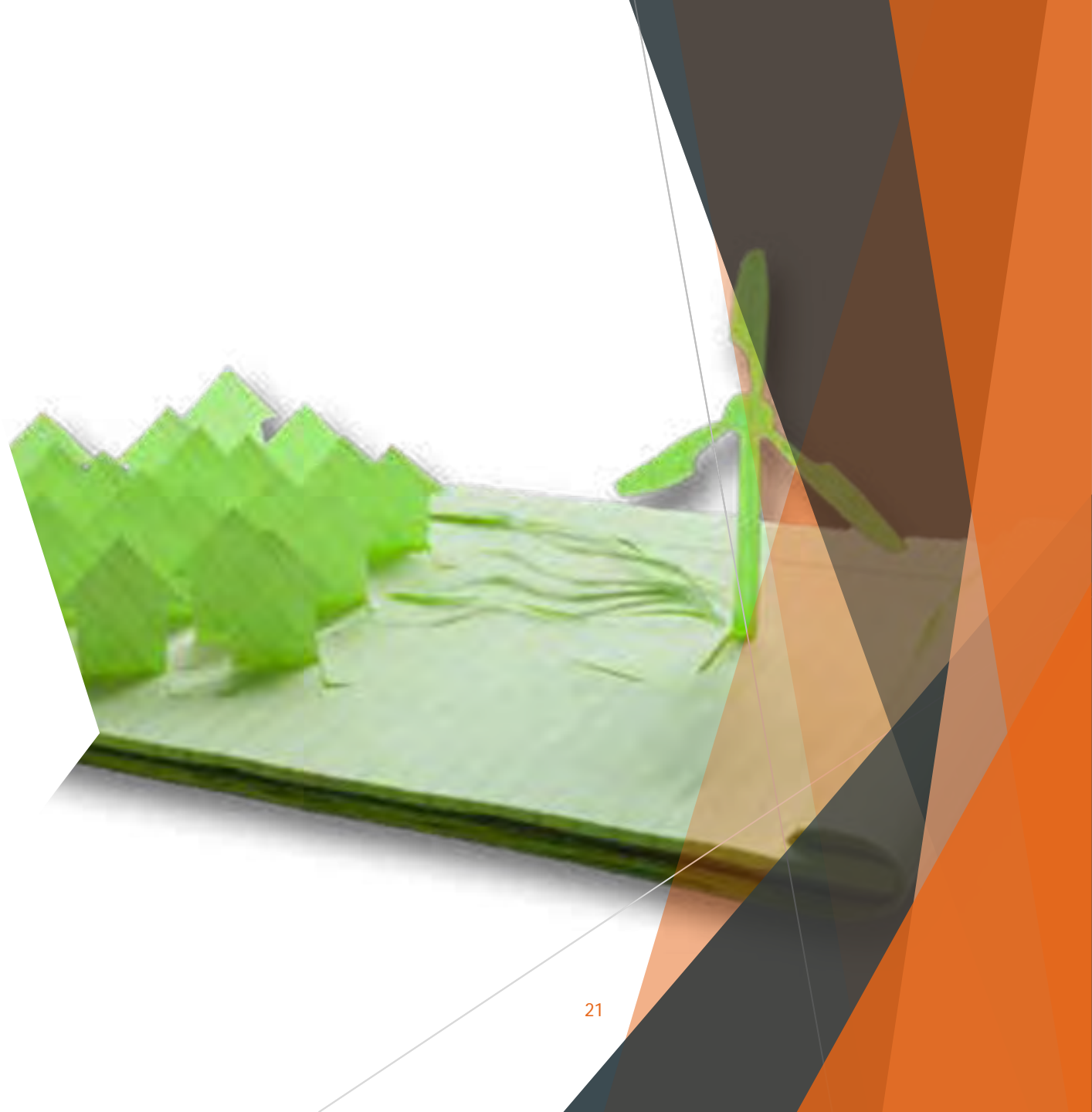


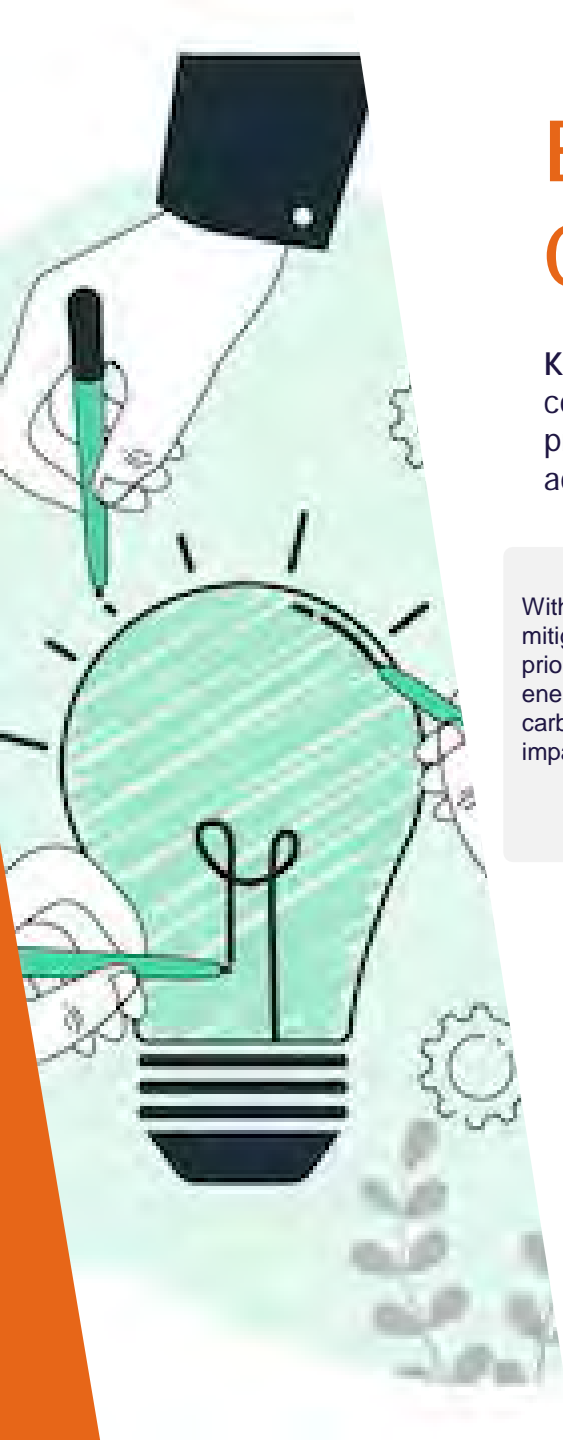
# EXPLANATION OF HILY HOLDING'S CONCEPT OF MATERIALITY

In developing our 2024 Sustainability Report, Hily Holding PJSC conducted a comprehensive materiality assessment to identify and prioritize the Environmental, Social, and Governance (ESG) issues most relevant to our business and stakeholders. This structured approach ensures that our sustainability initiatives focus on the areas that drive long-term value creation and enhance stakeholder engagement.

Through active engagement with investors, customers, employees, suppliers, and community members, we identified key ESG priorities that have a direct impact on our business operations, financial performance, and stakeholder relationships. These topics were carefully evaluated based on their alignment with our business strategy, stakeholder concerns, regulatory requirements, and emerging industry trends.

This data-driven materiality assessment strengthens our commitment to transparency, accountability, and sustainable growth, ensuring that our efforts remain aligned with both stakeholder expectations and global best practices.





# EXPLANATION OF HILY HOLDING'S CONCEPT OF MATERIALITY

**Key ESG Priorities,** As a result of our materiality assessment, we have identified several core ESG issues that are central to our sustainability strategy for 2024 and beyond. These priorities guide our efforts to drive positive environmental, social, and governance impact across our operations:

## CARBON EMISSIONS REDUCTION

With a growing global emphasis on climate change mitigation, reducing our carbon footprint remains a top priority. We are committed to transitioning to renewable energy, enhancing energy efficiency, and implementing carbon offset initiatives to minimize our environmental impact.

## SUPPLY CHAIN SUSTAINABILITY

Our supply chain plays a vital role in our overall sustainability performance. We are dedicated to responsible sourcing, ethical labor practices, and increased transparency across our supply chain. By collaborating with our suppliers, we strive to address sustainability challenges and create positive social and environmental outcomes.

## COMMUNITY ENGAGEMENT

Supporting and engaging with the communities where we operate is a core aspect of our corporate responsibility. We actively invest in meaningful initiatives that address local needs, foster social cohesion, and drive community development, reinforcing our commitment to social well-being.

## EMPLOYEE WELL-BEING

Our employees are our greatest asset, and their health, safety, and well-being are paramount. We are committed to providing a supportive and inclusive work environment, fostering diversity, and investing in employee development and training programs to empower our workforce.

## ETHICAL BUSINESS PRACTICES

Upholding the highest standards of integrity, governance, and ethics is fundamental to our business. We are dedicated to combatting corruption, ensuring transparency, and complying with all legal and regulatory frameworks to maintain trust and accountability in everything we do.

By embedding these key ESG priorities into our corporate strategy, Hily Holding PJSC continues to strengthen its commitment to sustainable growth and long-term value creation.

# Our Certifications & Accreditations



**RISK MANAGEMENT  
SYSTEM**



**QUALITY MANAGEMENT  
SYSTEM**



**FOOD SAFETY MANAGEMENT  
SYSTEM**



**World's Heaviest  
Bag of Rice**



**(AGA Certified)  
(Valid to 2026)**



**(Hazard Analysis & Critical Control Point)  
Codex Alimentarius System and  
Guidelines for its Application**



**Hily Holding scored  
41.42% in ICV**



**Global Affinity Alliance  
-Membership-**

# Our Certifications & Accreditations



5PL-ISO 2015 9001 CERTIFICATE

5PL-ISO 2018 22000 CERTIFICATE

5PL-ISO HACCP CERTIFICATE



10

**SUSTAINABILITY  
FRAMEWORK  
KEY ALIGNMENTS,  
AND ENABLERS**

# SUSTAINABILITY FRAMEWORK

## KEY ALIGNMENTS, AND ENABLERS

- Hily Holding, a company specializing in food products, demonstrates a steadfast commitment to sustainable business practices in alignment with the United Nations Global Compact (UNGC). The company upholds the UNGC's 10 principles, which encompass human rights, labor standards, environmental responsibility, and anti-corruption measures.
- Hily Holding actively promotes a corporate culture centered around responsible business conduct, integrating sustainability into its core operations. Through robust practices for human rights, labor, environment, and anti-corruption, the company aims to contribute positively to the well-being of its stakeholders and the wider community.
- Hily Holding's sustainability reports showcase its efforts to address global challenges such as poverty, inequality, environmental degradation, and corruption. By focusing on sustainable practices in the food industry, Hily Holding plays a vital role in promoting social and environmental stewardship while contributing to the achievement of UN goals.



The Human Capital and Development Department at Hily Holding has prioritized Volunteering Projects, exemplified by the successful organization of numerous Blood Donation Campaigns across the company's branches in Abu Dhabi City, MBZ City, and Sharjah. Additionally, the active participation of our employees in COP28 UAE underscores our commitment to global sustainability initiatives.

Aligned with corporate Social Responsibility principles, Hily Holding is dedicated to developing impactful initiatives that support local communities and leave a positive impact.

Over the past two years, Hily Holding has placed significant emphasis on sustainable business practices, striving to maintain its position as one of the strongest companies in the UAE. Our commitment extends beyond economic prosperity to include moral integrity and increased Corporate Social Responsibility.

In our commitment to safeguarding employee health and safety, Hily Holding conducts regular Health and Safety Awareness sessions. Additionally, every employee is required to acknowledge safety instructions upon joining the

Hily Holding continuously supports its employees and Production Team in developing innovative solutions and products tailored to meet the needs of the new generation, emphasizing sustainability in product design, packaging, and overall impact.

Addressing emissions reduction has emerged as a top priority for Hily Holding's management. Employees are encouraged to adopt proper procedures to minimize the use of non-renewable resources, reduce emissions from manufacturing and packaging processes, increase the use of electric vehicles, and decrease overall emission levels.





11

# HILY HOLDING'S SUSTAINABILITY IN NUMBERS



# HILY HOLDING'S SUSTAINABILITY IN NUMBERS

**110 Million AED**  
REVENUE

**1,213 Million AED**  
INVESTMENT

**0(Zero) Legal Cases**  
BRIBERY OR CORRUPTION

**0(Zero) Legal Cases**  
OF MONEY LAUNDRY

## Ethical, Responsible & Profitable Business

UAE Vision 2021

Pillar: United in Responsibility

### Aligned with UAE Vision 2021 - Pillar: United in Responsibility

At Hily Holding P.J.S.C., we uphold the highest ethical standards, ensuring strict compliance with all relevant laws and regulations. In line with UAE Vision 2021, which emphasizes social responsibility and ethical business conduct, we are committed to fostering a culture of integrity, transparency, and accountability.

Our track record speaks for itself—zero instances of bribery or corruption, reflecting our unwavering commitment to ethical business practices. Additionally, we prioritize the well-being and safety of our employees, customers, and stakeholders, achieving an impressive 95% satisfaction rate. We actively promote diversity, inclusion, and a fair work environment, ensuring that our corporate values align with our social responsibility goals.

While profitability remains a key business objective, we integrate sustainability into our operations, striving for long-term economic, social, and environmental impact. Through responsible governance, ethical leadership, and proactive sustainability initiatives, Hily Holding continues to set benchmarks for a future-ready, socially responsible business landscape.

# HILY HOLDING'S SUSTAINABILITY IN NUMBERS



## Diversity, Health & Safety

UAE Vision 2021

Pillar: Cohesive Society and Preserved Identity

**Building Inclusive, Thriving, and Secure Communities**  
Aligned with UAE Vision 2021, Hily Holding is committed to fostering a **diverse, inclusive, and safe** environment where everyone has the opportunity to thrive. We believe that embracing **diversity** strengthens our workforce, enriches our communities, and drives innovation. Over the past year, we have made **significant strides** in promoting gender equality, achieving an **8% increase in female hires**, and enhancing workforce diversity, with employees representing **23 different nationalities**.

Our **commitment to health and safety** remains unwavering. We have implemented **strict safety protocols** to protect our employees, customers, and stakeholders, leading to a **zero-incident record**. By prioritizing well-being, fostering inclusivity, and ensuring safe workplaces, we continue to uphold our responsibility toward a more **equitable, secure, and prosperous society**.

# HILY HOLDING'S SUSTAINABILITY IN NUMBERS



## Master Chief Products

Introduced

## 95.00 % Suppliers Evaluation

and screening for Quality, health, safety  
and environmental compliance

## 7,278,182 Million AED

Ready for sale Products

## New SKUs

Introduced new packaging solutions and new  
recipes for our best seller products such as  
Tuna Salad and Pasta

## Innovation and Reengineering Product Quality & Sustainability

UAE Vision 2021

Pillar: Competitive Knowledge Economy

The UAE National Vision 2021 strives to cultivate a knowledge-driven economy fueled by innovation and ingenuity. This entails fostering a conducive environment for research and development, elevating the standards and durability of products and services, and embracing emerging technologies and methodologies.

Innovation and strategic reevaluation have been focal points for Hily Holding over the past year. We have allocated resources to bolster research and development, aiming to enhance the caliber and sustainability of our product line. Through these endeavors, Hily Holding has introduced novel offerings like the Virginia healthy on-the-go meal to the market, alongside refining the quality and sustainability of our existing range. Additionally, we have undertaken operational reengineering initiatives to streamline processes, minimize waste, and reduce our ecological footprint, evidenced by the introduction new SKUs.

# HILY HOLDING'S SUSTAINABILITY IN NUMBERS



## Preserving And Protecting The Environment

UAE Vision 2021

Pillar: Sustainable Environment and Infrastructure

### Driving Sustainable Practices for a Greener Future

In alignment with **UAE Vision 2021**, Hily Holding is dedicated to safeguarding the environment for future generations by **promoting sustainability and reducing our carbon footprint**. Our approach focuses on **water conservation, waste reduction, renewable energy adoption, and sustainable infrastructure development**.

Our commitment to environmental responsibility is reflected in measurable progress: we have achieved an **9% reduction in carbon emissions**, a **24% decrease in water consumption**, and an **13% reduction in landfill waste**. Additionally, we have taken **strategic steps toward renewable energy adoption**, starting with energy-efficient lighting solutions in our offices and continuously working to **enhance the sustainability of our supply chain**.

By embedding eco-friendly initiatives into our operations, we contribute to a **more resilient and sustainable future**, ensuring that our business growth aligns with environmental preservation.

# HILY HOLDING'S SUSTAINABILITY IN NUMBERS

## Procurement Practices (GRI 204, G4)

Hily Holding has increased the number of suppliers with commitment to enhance the collaboration with local suppliers

Total Number of Suppliers	Total Number of Suppliers
2023	52
2024	63

Over the years, Hily Holding has consistently increased its **total procurement spending**, reinforcing its commitment to business growth and economic development. This expansion has played a significant role in **enhancing business practices** across multiple industries, both within the UAE and internationally. By investing in procurement, Hily Holding not only strengthens its **supply chain partnerships** but also drives innovation, efficiency, and sustainability in the sectors it engages with. This ongoing growth supports **local and global businesses**, fostering economic resilience and contributing to a more **robust and competitive marketplace**.

Total Procurement Spending (in AED)	
2022	1,122,355.09
2023	1,752,541.79
2024	30,832,545

Hily Holding has strategically embarked on a journey to **enhance its In-Country Value (ICV) score**, recognizing it as a key driver for business growth and long-term success. This initiative strengthens the company's ability to **access new markets, gain a competitive advantage, and elevate its industry reputation**. However, in light of recent global challenges, Hily Holding experienced a **slight decline in its ICV score**. In response, the company is actively implementing **comprehensive plans and system improvements** to address this and reinforce its commitment to sustainable business excellence.

# HILY HOLDING'S SUSTAINABILITY IN NUMBERS

Training	Date	Company	No. of hrs	No. of Employees	Total Training Hours
Basic Food Safety	08/01/2024	5PL	5	2	10
Essential Food Safety	27/01/2024	5PL	5	12	60
Power BI	17 -18 & 23 - 24/01/2024	Hily Holding	20	22	440
Basic Food Safety	23/05/2024	5PL	5	1	5
Essential Food Safety	04/05/2024	5PL	5	13	65
First Aid	06/08/2024	Hily Holding	5	5	25
Emergency Preparedness	06/08/2024	Hily Holding	5	10	50
Fire Safety	07/08/2024	Hily Holding	5	4	20
Abu Dhabi Brokers	18 - 19/10/2024	DPRE	8	1	8
First Aid	07/11/2024	5PL	5	6	30
Emergency Preparedness	07/11/2024	5PL	5	10	50
Fire Safety	08/11/2024	5PL	5	5	25
Essential Food Safety	15/11/2024	5PL	5	12	60
<b>TOTAL</b>			<b>83</b>	<b>103</b>	<b>848</b>

Average:	475.5
Percentage:	33.20%

# HILY HOLDING'S

## SUSTAINABILITY IN NUMBERS

II Energy and Emissions (GRI 302, GRI 305, E1, E2, E3, E4, E5)							
Direct Emissions - Scope 1							
SCOPE	DESCRIPTION OF DATA	SOURCE	TYPE	UNIT	2022	2023	2024
Scope 1 - Direct Emissions	Total fuel consumption per type of vehicle/equipment for all company owned/controlled vehicles for operation and employees	Owned/controlled (Vehicles and equipment)	Petrol	Liters or other	6 petrol vehicles 28,406.58	26,417.34	25,096.47
			Diesel		27 Diesel Fleet Vehicles 223,671.82	180,944	155,612

III Energy and Emissions (GRI 302, GRI 305, E1, E2, E3, E4, E5)				
Indirect Emissions - Scope 2				
SCOPE	DESCRIPTION OF DATA	SOURCE	UNIT/BUILDING	Location: (Mafraq WH)
Scope 12- Indirect Emissions	<b>2022</b>			
	Total consumption of electricity	Purchased Electricity	kWh	2,693,145
	Total consumption of chilled water	Chilled Water	m <sup>3</sup> or kWh	N/A
	<b>2023</b>			
	Total consumption of electricity	Purchased Electricity	kWh	2,589,833
	Total consumption of chilled water	Chilled Water	m <sup>3</sup> or kWh	N/A
	<b>2024</b>			
	Total consumption of electricity	Purchased Electricity	kWh	2,473,290
Total consumption of chilled water	Chilled Water	m <sup>3</sup> or kWh	N/A	

# HILY HOLDING'S SUSTAINABILITY IN NUMBERS

Paper Consumption							
DESCRIPTION OF DATA	Source	Type	UNIT	2022	2023	2024	Reduction Targets along with the baseline and targeted year, if any
Total amount of paper consumed in number of paper boxes (500 sheets), per type and source of paper (HQ and branches)	Total Number of paper consumed (paper count)	Number	Number	80 paper boxes (200,000 Sheets)	73 paper boxes (182,500 Sheets)	68 paper boxes (170,000 Sheets)	10% Reduction Target 6.85% Reduction Achieved
	Type of Paper	A4 or A3, or other	Type	A4	A4	A4	
	Source of Paper	Virgin, Recycled or Mix	Source	Recycled	Recycled	Recycled	
Total amount of tissue boxes consumed	Total amount of tissue boxes consumed	Number of Boxes	Number	145	120	120	
		Size of Boxes	Size	150 x 2 ply	150 x 2 ply	150 x 2 ply	
		Type of Tissue	Type	Facial	Facial	Facial	



# HILY HOLDING'S SUSTAINABILITY IN NUMBERS

Water and Effluents (GRI 303, E6)				
Water Consumption				
DESCRIPTION OF DATA	SOURCE	UNIT	Location 1, please specify (Mafraq)	Reduction Targets along with the baseline and targeted year, if any
<b>2022</b>				
Total amount of water consumed	Total volume of water consumed	Liters	N/A	
Total amount of water recycled	Total volume of water recycled	Liters	N/A	
Total amount of wastewater	Total volume of wastewater generated	Gallons	815,000	N/A
<b>2023</b>				
Total amount of water consumed	Total volume of water consumed	Liters	N/A	
Total amount of water recycled	Total volume of water recycled	Liters	N/A	N/A
Total amount of wastewater	Total volume of wastewater generated	Gallons	465,000	
<b>2024</b>				
Total amount of water consumed	Total volume of water consumed	Liters	N/A	
Total amount of water recycled	Total volume of water recycled	Liters	N/A	
Total amount of wastewater	Total volume of wastewater generated	Gallons	405,000	Reduction Target 30% Reduction Achieved 13%

# HILY HOLDING'S

## SUSTAINABILITY IN NUMBERS

### OCCUPATIONAL HEALTH AND SAFETY (GRI 403, S7, S8)

#### Worker training on Occupational Health & Safety (GRI 403-5)

Please describe any occupational health and safety training provided to employee, including generic training as well as training on specific work-related hazards	Safety orientation and induction provided to staffs, food safety related trainings, First aid, fire fighting, emergency preparedness training, Essential Food safety trainings
---	--

#### Prevention and mitigation of occupational health and safety impacts directly linked by business relationships (GRI 403-7)

Please describe your organization's approach to preventing or mitigating significant negative occupational health and safety impacts that are directly linked to your operations/products/services, and the related hazards and risks	<ol style="list-style-type: none"> <li>1) Eliminate the hazard. Remove it completely from your workplace.</li> <li>2) Substitute the hazard.</li> <li>3) Isolate the hazard.</li> <li>4) Use engineering controls.</li> <li>5) Use administrative controls.</li> <li>6) Use personal protective equipment (PPE), Visitor's Policy, Work Permit Issuance &amp; Procedure in place</li> </ol>
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#### Workers covered by an Occupational Health and Safety Management System (GRI 403-8)

What is the number/percentage of employees and workers who are covered by the organization's occupational health and safety management system?	All Employees
Has your occupational health and safety management system been internally audited?	OHSAS is not certified or implemented as standard. But routine internal checks are carried out
Has your occupational health and safety management system been audited or certified by an external party?	Not Required

# HILY HOLDING'S SUSTAINABILITY IN NUMBERS

What are the main types of <u>work-related ill health</u> ?		Slips, lifting, Trips, falls, fire hazards, electrical hazards etc.
What are the <u>work-related hazards</u> that pose a risk of ill health, including:		
i	How have these hazards been determined?	Risk assessment shall be carried when necessary for work related hazards that pose risk of ill health.
ii	Which of these hazards have caused cases of ill health in 2023?	No hazards reported
iii	What are the actions taken to eliminate these hazards and minimize the associated risks?	No hazards reported, if any, shall provide safety induction and orientation as required.

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OUR STAKEHOLDERS'  
THOUGHTS

# OUR STAKEHOLDERS' THOUGHTS

## Customers

At Hily Holding, we recognize that customer feedback is essential in shaping our sustainability journey. By actively engaging with our customers through feedback forms, social media interactions, and direct communication, we gain valuable insights into their expectations and needs. This proactive approach allows us to continuously enhance our products and services, ensuring they align with both customer satisfaction and sustainability goals. Our commitment to listening and adapting supports Sustainable Development Goal 8 - Decent Work and Economic Growth and aligns with GRI 413 - Local Communities, reinforcing our dedication to creating positive and lasting impacts within the communities we serve. Furthermore, this approach aligns with the objectives of UAE Vision 2021, particularly in elevating healthcare and education standards to world-class levels, contributing to a more sustainable and prosperous future.

In response to our customers' growing demand for healthy and premium-quality products, Hily Holding has introduced nutritious options, including brown rice, Sherazade Royal, and Virginia Meal-on-the-Go. This initiative has led to a significant boost in customer satisfaction, reaching 95%, alongside steady revenue growth across our product lines. Our marketing team has played a crucial role in strengthening brand awareness, ensuring product availability, and actively engaging with customers through social media platforms. By maintaining a strong digital presence and fostering direct customer interactions, we continuously refine our offerings to meet evolving needs. Through these efforts, we remain committed to delivering high-quality products, upholding our sustainability values, and enhancing overall customer experience.



# OUR STAKEHOLDERS' THOUGHTS



## SUPPLIERS AND INVESTORS

At Hily Holding, we are committed to integrating sustainability and ethical business practices across our entire supply chain. We actively collaborate with our suppliers, ensuring they align with our environmental and ethical standards. Through these strategic partnerships, we continuously enhance supply chain efficiency while reducing our environmental footprint. This approach aligns with Sustainable Development Goal 12 - Responsible Consumption and Production, Global Reporting Initiative (GRI) 308 - Supplier Environmental Assessment, and UAE Vision 2021 - Sustainable Environment and Infrastructure, reinforcing our dedication to responsible and sustainable business operations.

We have meticulously screened and assessed 100% of our suppliers to ensure their compliance with sustainable business practices and ethical standards. This comprehensive evaluation process guarantees that our entire supply chain aligns with our core values, reinforcing our commitment to sustainability and responsible business operations.

Maintaining open and transparent communication with our national and international suppliers is a cornerstone of our operations. We emphasize sustainable consumption and efficient production practices, ensuring the uninterrupted availability of strategic stock. Our global supplier network extends across Asia, the Middle East, and the Americas, including Morocco, Egypt, Turkey, Indonesia, Thailand, India, China, Pakistan, Vietnam, the United States, Lebanon, and Saudi Arabia, along with a strong presence of local suppliers in the UAE.

Through our strategic supplier engagement and supply chain management, we are committed to integrating sustainability and responsible business practices across every aspect of our operations.

Hily Holding upholds transparent and open communication with investors through annual reports, sustainability reports, and investor meetings. Our dedication to disclosing sustainability performance is aimed at strengthening investor confidence and attracting sustainable investments. This commitment aligns with SDG 9 (Industry, Innovation, and Infrastructure), GRI 201 (Economic Performance), and UAE Vision 2021 (Sustainable Economic Growth), reinforcing our role in fostering a resilient and forward-thinking economy.



# OUR STAKEHOLDERS' THOUGHTS

## COMMUNITY



At Hily Holding, our commitment to sustainability and corporate social responsibility (CSR) goes beyond words—it is reflected in meaningful actions that create a positive impact on our local communities. Through a comprehensive approach, we actively engage in volunteering initiatives and implement diverse CSR projects to strengthen our role as a responsible corporate citizen. By fostering trust, collaboration, and long-term relationships, we continue to contribute to the well-being and development of the communities we serve.



Our commitment to sustainable development is reflected in our active participation in various volunteering initiatives, such as blood donation drives, which support individuals in need while aligning with Sustainable Development Goal 11 - Sustainable Cities and Communities. Furthermore, we encourage our employees to dedicate their time and expertise to meaningful community initiatives. This includes their involvement in global events like COP28, where they contribute to critical discussions on climate action and environmental sustainability, reinforcing our role in shaping a more sustainable and resilient future.



Furthermore, our engagement with the local community is driven by transparency and accountability, as outlined in the Global Reporting Initiative (GRI) 413 - Local Communities standard. This approach ensures that our CSR initiatives are not only impactful but also aligned with the broader objectives of UAE Vision 2021, which focuses on social cohesion and the development of a sustainable environment.



In 2024, Hily Holding reaffirmed its commitment to strengthening local communities through a diverse range of impactful initiatives. From blood donation drives and employee-led volunteering projects to active participation in global events like the Future Sustainability Forum 2024, we continue to demonstrate our dedication to sustainability and corporate social responsibility (CSR). Through these efforts, we strive to create lasting positive change, contributing to the well-being and development of the communities we serve.



# OUR STAKEHOLDERS' THOUGHTS

At Hily Holding, we recognize that Environmental, Social, and Governance (ESG) sustainability is essential in today's business landscape. Our commitment to sustainability is embedded across all facets of our operations, including logistics, finance, real estate management, and human resources. By integrating responsible and sustainable practices, we not only contribute to environmental and social well-being but also drive long-term growth and enhance the overall value of our company.

## Human Capital and Development Department

### Objective

To increase the diversity and inclusivity of our workforce by %15 within the next year.

### Projects

- 1) Partnering with local organizations to recruit and train underrepresented groups.
- 2) Developing and implementing anti-discrimination and anti-harassment policies..
- 3) Providing unconscious bias training for all employees.

**Fadi Sarris**  
Director HC&D





# OUR STAKEHOLDERS' THOUGHTS

## Finance Goal

Reduce the company's carbon footprint by 15% within the next year.

## Initiatives

- Investing in renewable energy projects and carbon offset initiatives.
- Conducting a carbon footprint assessment and implementing a reduction strategy.
- Developing a sustainable finance policy to guide future investments.

## Procurement & Planning

### Goal

Increase the share of sustainable products and services procured by the company to 25% within the next year.

### Initiatives

- Conducting a comprehensive supplier evaluation to prioritize those with sustainable practices.
- Developing a sustainable procurement policy.
- Collaborating with suppliers to reduce waste and enhance efficiency.

## Facilities Management, Maintenance, and Real Estate Management

### Goal

Reduce energy and water consumption across all properties by 10% within the next year.

### Initiatives

- Implementing energy-efficient lighting and HVAC systems in all buildings.
- Installing water-saving fixtures and advanced irrigation systems.
- Conducting regular audits to identify and address inefficiencies.



**Mohamed Abbas**  
Group Financial Controller

# OUR STAKEHOLDERS' THOUGHTS

At Hily Holding, we recognize the critical role of IT risk management in ensuring the security, reliability, and resilience of our information systems. Our IT infrastructure supports essential business operations, and we have implemented robust measures to effectively identify, assess, and mitigate potential risks.

Our approach follows global standards to maintain the confidentiality, integrity, and availability of our data assets. Key initiatives include access controls, encryption, data backup, and disaster recovery protocols, ensuring business continuity in the event of IT disruptions.

Aligned with the United Nations Sustainable Development Goals (SDG 9 - Industry, Innovation, and Infrastructure & SDG 12 - Responsible Consumption and Production), our IT risk management strategy fosters digital transformation and innovation while promoting responsible resource utilization. Additionally, we report our IT risk management practices in compliance with Global Reporting Initiative (GRI 417) standards, reinforcing our commitment to data security, privacy, and sustainable business growth.

By effectively managing IT risks, we enhance operational reliability and efficiency, contribute to the sustainable development of our stakeholders, and safeguard the long-term reputation of Hily Holding.

## Information Technology Department

### Goal

Reduce the company's digital carbon footprint by 15% over the next year.

### Initiatives

Completing the Implementing energy-efficient servers and data centers

Creating a remote work policy to minimize travel-related emissions.

Performing regular evaluations of our digital infrastructure to detect and resolve inefficiencies.

**0 (ZERO) in 2024 Total incident of Customer's data being compromised.**

**Huiam Abdalla**

**Director – Information Technology & Digitalization**



# INFORMATION TECHNOLOGY RISK MANAGEMENT SYSTEM



Our IT management system oversees the IT infrastructure, applications, and services that support business operations.

The system focuses on identifying IT risks, evaluating their likelihood and impact, and implementing controls to mitigate them effectively.

We align with global standards to uphold the confidentiality, integrity, and availability of information assets.

Key security measures include access controls, encryption, data backups, and disaster recovery plans to ensure business continuity in the event of IT incidents.

Our IT management system contributes to the United Nations Sustainable Development Goals (SDGs), particularly SDG 9 – Industry, Innovation, and Infrastructure and SDG 12 – Responsible Consumption and Production..

We report our IT risk management practices in accordance with Global Reporting Initiative (GRI 417) standards, emphasizing information security and data privacy.

A robust IT management system enhances operational efficiency, supports sustainable development, and safeguards the organization's reputation.

# OUR STAKEHOLDERS' THOUGHTS



## Operations

### OBJECTIVE

Achieve a 35% reduction in waste and an increase in recycling across all operations within the next year.

### PROJECTS

- Implementing a waste segregation and recycling program.
- Conducting regular audits to address waste and recycling issues.
- Collaborating with local organizations to promote sustainable practices in our operations.



## Logistics

### OBJECTIVE

Reduce carbon emissions from logistics operations by 25% within the next year.

### PROJECTS

- Optimizing transportation routes and consolidating shipments to cut emissions.
- Investing in alternative fuel vehicles and low-emission equipment.
- Developing a sustainable logistics policy to guide future decisions.



## Quality

### OBJECTIVE

Increase the percentage of sustainable products and services offered by the company to 50% within the next year.

### PROJECTS

- Conducting a thorough product evaluation and selection process to prioritize products with sustainable features.
- Developing a sustainable product policy.
- Collaborating with suppliers to enhance the sustainability of our products and services.



## Health Safety of the Employees

### OBJECTIVE

Improve the overall health and safety of our employees and the community by 30% within the next year.

### PROJECTS

- Conducting regular health and safety audits.
- Developing and implementing a health and safety policy.
  - Partnering with local organizations to promote healthy and safe practices in our operations.

# OUR STAKEHOLDERS' THOUGHTS

In the Aim of raising our employee's satisfaction, it was the beginning of the creation of the



Which we have made many events under this club such as:



Blood Donation Event



Ramadan 2024 Sohour



Wellness Day Event



Eye Test Campaign



UAE National Day



Best Employee of the Month Celebrations



Our Guinness Record 2023 Celebration



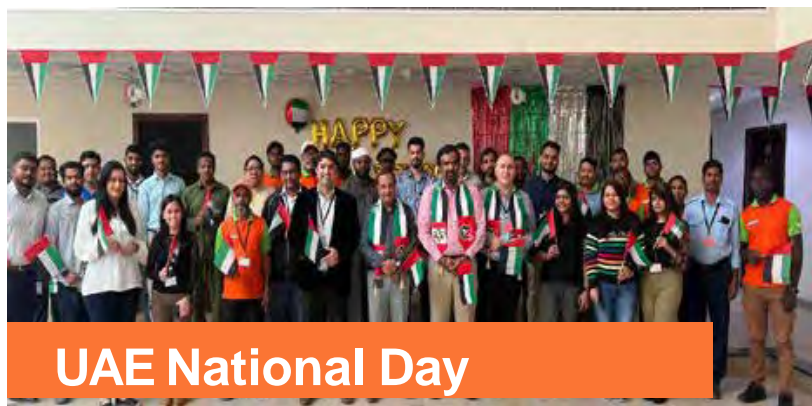
UAE National Day



First Aid Trainings



Birthdays Celebrations



UAE National Day



HILY HOLDING P.J.S.C

هيللي القابضة ش.م.ع.

**SOCIAL & SPORTS CLUB**

النادي الإجتماعي الرياضي

13

Training &  
Development

# Training & Development

## Ongoing Yearly Programs



**Essential Food Safety Trainings:** This program focuses on educating employees about proper food handling practices, storage, and temperature control. The goal is to ensure all employees understand food safety, adhere to regulatory standards, and deliver safe, high-quality products to customers.



**Corporate Tax Training:** This course provides participants with in-depth knowledge of corporate tax regulations and practices, including tax planning, compliance, and reporting. The training helps professionals navigate the complexities of corporate taxation effectively.



**Power BI Training:** Aimed at empowering individuals with proficiency in Power BI, this program offers hands-on experience in using powerful data visualization tools for business intelligence. Participants learn to create detailed reports, analyze trends, and generate insights to drive data-driven decision-making.



**Risk Management Training:** This program enhances participants' understanding of risk management strategies across industries. Through practical exercises and case studies, attendees learn to identify, assess, and mitigate risks, ensuring organizational resilience and sustainable growth.



**Anti-Money Laundering:** This course educates employees on detecting and preventing money laundering activities. The objective is to ensure the organization complies with anti-money laundering regulations and operates ethically.



**Emergency Preparedness & Response Trainings:** These sessions equip individuals and organizations with the skills needed to prepare for and respond to emergencies. Participants gain hands-on experience in risk assessment, emergency planning, and crisis response, learning how to manage and coordinate efforts to protect people, property, and assets.

Hily Holding, performance management tool (PDR) ensures every good performance is rewarded, by periodically gauging each employee's performance. Each year, %100 of our workforce undergoes thorough performance and career development reviews, ensuring every employee has a platform to receive constructive feedback, enabling them to grow further.

Overall, these training programs contributed to the organization's objectives by ensuring compliance with regulatory requirements, maintaining high-quality products, improving employee performance and productivity, and enhancing the customer experience.

**AED +75,000 Total Investment on Training**

Performance Management Input	Performance management Output
Performance against business and performance objectives	PDR Rating
Demonstrating of Values 52	Business Objectives for coming year
Competency Assessment	Development Objectives



# Training & Development

## Targeted Programs of 2025

### **Sustainable Supply Chain Management Training:**

This training program focuses on educating employees about sustainable practices within the supply chain. The goal is to equip the team with the knowledge to optimize sourcing, reduce waste, and enhance sustainability in our supply chain management, aligning with global sustainability standards.

### **Climate Change Awareness Training:**

This program is designed to increase awareness of climate change issues and their impact on business operations. Employees learn about climate science, the role of businesses in mitigating climate change, and the measures we can take to reduce the organization's environmental impact.

### **Green Building Practices and Sustainability Standards:**

Targeting employees in real estate and facilities management, this training covers sustainable building practices, energy-efficient systems, and the integration of green technologies. The goal is to ensure all team members are equipped with the skills to incorporate sustainability into building design, construction, and operation.

### **Circular Economy Training:**

Focused on the principles of the **circular economy**, this course educates employees about reducing waste, reusing resources, and recycling within operations. Participants will learn how to implement strategies that keep materials and products in use for as long as possible, helping to reduce waste and extend product lifecycle.

### **Sustainable Marketing & Consumer Education:**

This training equips employees with the tools to market sustainability initiatives to consumers effectively. The course covers how to communicate the company's environmental efforts and engage consumers in sustainable practices, strengthening our brand and customer loyalty.

### **Energy Efficiency and Renewable Energy Training:**

Employees in operational, facilities, and management roles are trained on how to implement energy-saving practices and make use of **renewable energy** sources. This program aims to reduce the company's overall carbon footprint by adopting energy-efficient practices and technologies.

### **Sustainability Reporting and Compliance Training:**

This training is designed to help employees understand sustainability reporting standards such as the **Global Reporting Initiative (GRI)** and **Sustainability Development Goals (SDGs)**. The goal is to ensure compliance with sustainability reporting and improve transparency in environmental, social, and governance (ESG) data.

### **Waste Management and Reduction Training:**

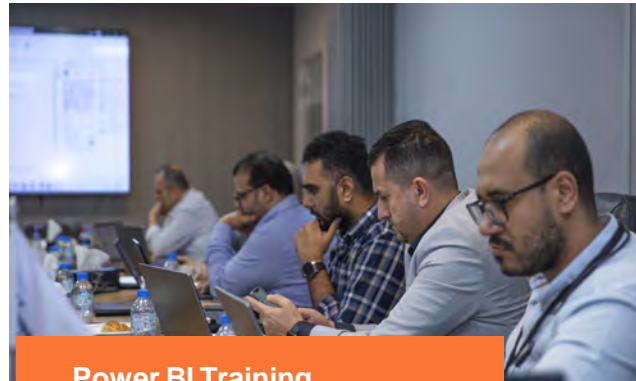
Focusing on reducing waste across operations, this training teaches employees how to identify opportunities for waste reduction, manage recycling processes, and handle hazardous materials properly, in line with sustainability goals.

### **Water Conservation and Management Training:**

This training program educates employees on efficient water usage practices and technologies to reduce water consumption in our operations. The objective is to promote water conservation across all departments, aligning with global sustainability standards for water management.



Anti-Money Laundering Training



Power BI Training



Risk Management Training



Corporate Tax Training



Emergency Preparedness & Response Trainings



Essential Food Safety Trainings



In-House Training Sales & Marketing



In-House Training Distributor Management Session



IN- House Training Introducing New SKUs.

**14**

**PRESERVING &  
PROTECTING**

# PRESERVING & PROTECTING THE ENVIRONMENT

## Facilities management Framework

At Hily Holding, we place a strong emphasis on integrating sustainable practices within our facilities management framework. Our commitment to minimizing our environmental impact and reducing our carbon footprint is evident in our ongoing maintenance and repair activities, which are regularly conducted. We prioritize waste reduction by reusing as much of the original structure as feasible during refurbishment projects. Our interior designs and renovations are planned with sustainability in mind, focusing on energy efficiency and longevity. We carefully select environmentally friendly materials that meet specifications designed to minimize our ecological footprint.

In our pursuit of greater energy efficiency, we ensure that all appliances across our facilities meet energy-efficient standards. To further reduce water consumption, we have installed water-saving devices in all areas, as part of our sustainability initiatives for 2023. We also replace conventional lighting with LED lights and incorporate motion sensors where applicable to reduce energy usage.

Our designs and material choices are consistently reviewed to ensure alignment with eco-friendly and sustainability management guidelines. Understanding the importance of providing a comfortable work environment for our employees, we incorporate natural plants into our offices, which not only enhance the workspace but also serve as a reminder of our ongoing commitment to environmental protection. Our recent office renovations include the installation of eco-friendly mattresses and LED fixtures, further contributing to the sustainability of our facilities.

In conclusion, our facilities management framework is centered around protecting the environment, promoting energy efficiency, and upholding sustainable practices. We continue to focus on regular maintenance, sustainable refurbishments, and the use of eco-friendly materials. Our approach ensures that our designs and materials comply with sustainability management guidelines, and we create comfortable, eco-conscious workspaces for our employees.

# PRESERVING & PROTECTING THE ENVIRONMENT

## Disaster Management & Emergency Response

At Hily Holding and its subsidiaries, we understand the critical role disaster management and emergency response play in ensuring the safety and well-being of our employees, customers, and assets. In alignment with UAE government guidelines and recommendations from our Quality and HSE team, we have developed a comprehensive Disaster and Emergency Response Plan.

Our emergency response team is thoroughly trained and equipped to handle a variety of emergency situations, including natural disasters, fires, and medical emergencies. Regular drills and equipment tests are conducted to assess the readiness and efficiency of our response system. The results of these exercises are carefully evaluated, ensuring that any areas requiring improvement are promptly addressed, and our emergency plan is updated as necessary.

This continuous training and evaluation process guarantees that our team remains well-prepared to respond swiftly and effectively to any emergency. We are also committed to regularly enhancing our Disaster and Emergency Plan, incorporating the latest best practices and industry guidelines to ensure our readiness in any situation and uphold the safety of our personnel.

### Meet Our Team Leading Environmental Management & Excellence



**Mr. Ahmed Ayad**  
GENERAL MANAGER



**Eng. Mahmoud Ghoneim**  
FACILITIES MANAGER

15

OUR SUSTAINABILITY

# OUR SUSTAINABILITY FRAMEWORK



## Maintaining Ethical, Responsible, and Profitable Business

We are committed to upholding the highest standards of ethical and responsible business practices while ensuring long-term profitability. Our approach involves maintaining transparency, fostering a culture of accountability, and ensuring strong governance in all our interactions with stakeholders.

We align our efforts with SDGs 8, 12, and 16, along with the GRI Standards on Ethical Behavior and Anti-Corruption.



## Fostering Diverse, Healthy, and Safe Communities

We believe in creating communities that are diverse, healthy, inclusive, resilient, and socially responsible. By promoting diversity and inclusion within our workforce, ensuring a safe and healthy environment, and engaging with local communities, we address their concerns and support their well-being.

Our initiatives align with SDGs 5, 8, 10, 11, and 3, as well as the GRI Standards on Diversity, Equal Opportunity, Occupational Health and Safety, and Community Engagement.



## Innovation and Reengineering Product Quality and Sustainability

We are committed to continuous innovation and the reengineering of our product quality and sustainability practices. This helps us meet evolving customer demands and stay ahead of emerging industry trends. Our investments in sustainable technologies allow us to reduce our environmental footprint, improve product quality, and meet safety standards.

Our work aligns with SDGs 13, 12, 9, and 7, and the GRI Standards on Energy, Innovation, and Product and Service Labeling.



## Preserving and Protecting the Environment

We recognize the critical importance of preserving and protecting the environment for future generations. By adopting sustainable practices, reducing our carbon footprint, minimizing waste and pollution, and engaging in conservation efforts, we contribute to environmental protection. We align with SDGs 15, 13, 12, 7, 6, and 14, and the GRI Standards on Water and Effluents, Climate Change, and Biodiversity.

Our sustainability framework at Hily Holding is designed to integrate sustainability into our core business operations, in order to create long-term value for all stakeholders. Our framework is based on four pillars demonstrated below

Our sustainability framework is aligned with the SDGs, the GRI Standards, and the UAE Vision for sustainable development, and we are committed to continuously improving our 2021 sustainability performance and reporting on our progress



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**Abu Dhabi National**  
Foodstuff

# Abu Dhabi National Foodstuff

Abu Dhabi National Foodstuff LLC is a pioneering FMCG company based in Abu Dhabi, operating as a public entity under the patronage of His Highness Sheikh Zayed Bin Sultan Al Nahyan, the President of the UAE. Initially established as a food wholesaler and distributor under the name Abu Dhabi National Foodstuff Company, the company was created to provide high-quality food products to a broad market at competitive prices.

The rapid expansion of markets across the UAE, the GCC, and the Middle East, driven by population growth and a flourishing economy, resulted in significant investments in the food and export sectors. As the business grew, Abu Dhabi National Foodstuff solidified its position as a leading importer and exporter of high-quality food products throughout the Arabian Gulf. The company then diversified its business into complementary areas such as packaging and retailing and also launched independent subsidiaries in 2003.

After restructuring, the company returned to its core focus, offering a wide array of fast-moving consumer goods, such as various rice varieties, sugar, edible oils, Italian pasta, canned foods, tuna, olives, olive oil, tea, evaporated milk, saffron, frozen chicken and meats, frozen vegetables, household aluminum foil, and facial tissues.

Abu Dhabi National Foodstuff LLC takes great pride in adopting best practices and maintaining high standards. With ISO 9001:2008 certification, the company ensures consistent quality and operates with a dedicated team of 13,000 employees. The company has also planned to relocate to newly developed, purpose-built facilities in Mafraq in 2013.



# Abu Dhabi National Foodstuff

SEGMENT

FMCG

FOOTPRINT

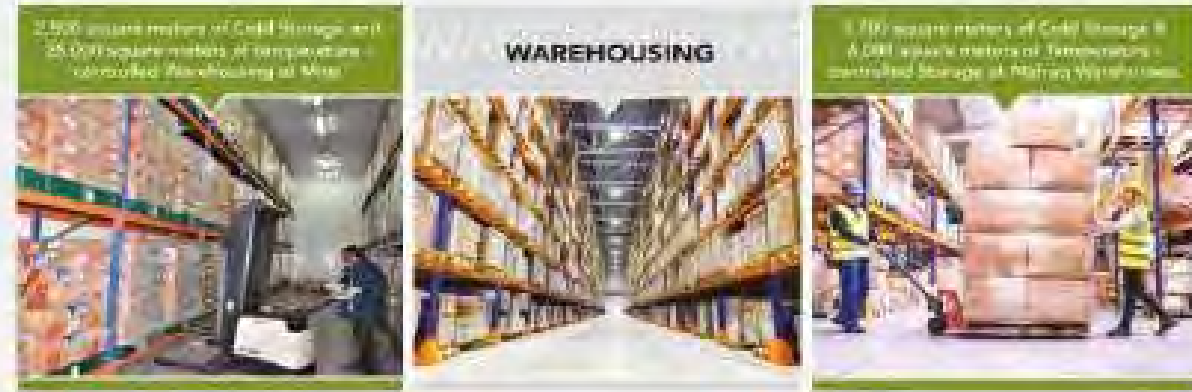
UAE & GCC

2023 REVENUE

+20.00 M

RELATIONAL

Category - FMCG



2,500 square meters of Cold Storage and 25,000 square meters of Temperature-Controlled Warehousing at Mafraq

## WAREHOUSING

1,100 square meters of Cold Storage & 4,000 square meters of Temperature-Controlled Storage at Mafraq Warehouse

JPL / FOODCO owns a fleet of Trucks to serve the current business  
1 set | 3 / 4 tons | 10/10 tons | 40 tons



## TRANSPORTATION

Additional trucks will be added for increased business. All trucks are well-maintained and clean.

# OUR BRANDS

Hily Holding P.J.S.C, formerly known as Foodco Holding P.J.S.C, was established in 2006 as a natural evolution from the growth and diversification of Abu Dhabi National Foodstuff Company (Foodco LLC). The holding company oversees a diverse portfolio of five subsidiary companies: Foodco LLC, Sense Gourmet, Dana Plaza, 5PL Logistics Solutions, Oasis, and the newly launched MASTER CHEF. Each of these subsidiaries operates independently under the umbrella of Hily Holding.

As the cornerstone of the group, Hily Holding functions as a publicly traded entity and serves as the foundation for the company's success. The company has thrived due to its strategic location, strong financial backing, robust infrastructure, and visionary outlook. These key factors have paved the way for ongoing expansion and growth, positioning the company to continually evolve and make significant strides in the future.



**5.5 Million KG**  
Of purest and finest  
rice sold annually

**#1 Voted**  
Consumer choice  
of the year 2022

**#1 Quality**  
Grain of rice

**#1 Winner**  
Product since 2022

**5 Brands**  
Expanding  
portfolio

**60+ Suppliers**  
international  
Footprint

**300+ Employees<sup>64</sup>**  
Across UAE



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*SUPPLY CHAIN REDEFINED*

5PL LOGISTICS SOLUTIONS

# 5PL LOGISTICS SOLUTIONS

Established in 2015, 5PL Logistics Solutions was created to address Abu Dhabi's increasing demand for a comprehensive supply chain provider, offering end-to-end services to businesses looking to expand into the emirate. Additionally, the company provides the services of an 'Integrated Business Zone.'

This all-encompassing approach, which focuses on both the end result and innovation, integrates advanced smart technologies not commonly found in the industry. This positions us to significantly enhance our clients' competitive advantage.

5PL Logistics Solutions boasts a one-of-a-kind model, combining leading supply chain and business management solutions with a state-of-the-art temperature-controlled facility, a fleet of cutting-edge vehicles, and real-time information delivery. Additionally, we operate a modern business center equipped with ready-to-use office spaces. With a 11,000 m2 facility offering temperature-controlled storage ranging from -18°C to 23°C, and plans to expand to 35,000 m2 with temperatures ranging from -22°C to +24°C, we believe that both our staff and our facility are the cornerstone of our success.

SEGMENT

Logistics Services

FOOTPRINT

UAE & GCC

2023 REVENUE

16.41 M

RELATIONAL

Category - (Logistics & Warehousing)



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**DPRE**

الدانة بلازا للعقارات  
DANA PLAZA REAL ESTATE



Headquartered in Abu Dhabi, Dana Plaza Real Estate is a privately owned company specializing in real estate management, development, and investment. The company is recognized for its extensive portfolio, which includes some of the most prominent commercial addresses and locations. Founded and led by Hily Holding (formerly Foodco Holding), Dana Plaza Real Estate is an expert in identifying, managing, and acquiring prime commercial properties in high-potential geographical areas.

Dana Plaza Real Estate was originally established as a division to meet the real estate needs of Foodco LLC. With a diverse team of professionals, including experts in real estate, entrepreneurship, management, and technology, the group aimed to leverage its expertise to create a comprehensive real estate investment and development company. This strategic vision led to the expansion of Dana Plaza into a fully independent entity, driving success in real estate investments not only within the UAE but also across borders, beyond the scope of its parent company.

SEGMENT	FOOTPRINT	2024 REVENUE	RELATIONAL
Real Estate management	UAE	6835.356 M	Category - (Real Estate Management)



SL.NO	SCOPE OF WORK	BUILDING	BEFORE	AFTER	REMARKS
1	Upgraded Office Lights	Hily holding Office			Upgraded from Fluorescent lights to LED lights for energy saving
2	Building Motion Sensor	All Buildings			Energy Savings – This system is very efficient as it automatically switches off the luminaires when there is no presence detected
3	Water Tank and Water Proofing	C32			Saves Water, Electricity and reduce heat
4	Fitness Certificate - Fire Fighting	C32 & C169			Reduces power usage of firefighting equipment/Machines

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OCCUPATIONAL  
HEALTH & SAFETY

# OCCUPATIONAL HEALTH & SAFETY

## **1. Occupational Health and Safety Management System**

Establishing and maintaining an effective Occupational Health and Safety (OHS) management system..

## **2. Hazard Identification, Risk Assessment, and Incident Investigation**

Identifying potential hazards, assessing risks, and investigating incidents to ensure a safe working environment.

## **3. Occupational Health Services**

Providing occupational health services aimed at maintaining and improving workers' health and well-being.

## **4. Worker Participation, Consultation, and Communication on Occupational Health and Safety**

Encouraging active worker participation and consultation on health and safety issues to ensure transparency and involvement

## **5. Worker Training on Occupational Health and Safety**

Offering training programs to ensure workers are well-informed and equipped to work in a safe environment..

## **6. Promotion of Worker Health**

Promoting overall worker health and wellness through various initiatives and services.

## **7. Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked by Business Relationships**

Identifying and addressing health and safety risks related to business partnerships, ensuring minimal impact.

# OCCUPATIONAL HEALTH & SAFETY

## 8. Workers Covered by an Occupational Health and Safety Management System

Ensuring that all workers are covered under a comprehensive Occupational Health and Safety Management System, promoting their safety and well-being.

## 9. Work-Related Injuries

Tracking and preventing work-related injuries through proactive measures and safe working practices, ensuring the health and safety of employees.

## 10. Work-Related Ill Health

Addressing and preventing health issues that arise from workplace conditions, with an emphasis on improving overall worker health.

**In summary, Hily Holding P.J.S.C. remains dedicated to fostering a safe and healthy work environment for all employees. By maintaining a robust Occupational Health and Safety Management System, complying with UAE corporate regulations on compulsory healthcare, and implementing a comprehensive set of policies and practices, we work to minimize workplace injuries and illnesses. Our focus is on improving the overall well-being of our workforce, ensuring their health and safety in every aspect of their work.**



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Health & Safety at  
Hily Holding

# Health & Safety at Hily Holding

## HSE Practices

At Hily Holding, the health and safety of our employees and customers are top priorities. In 2023, we continued to strengthen various health and safety measures to ensure a safe and secure working environment for all

## Values in Action

We regularly conducted inspections, provided coaching, and held training sessions to educate employees about the importance of safety protocols and compliance with relevant regulations. Additionally, we developed a comprehensive safety strategy that incorporated risk assessments, hazard identification, and mitigation strategies.

## The Outcomes

We are proud to report that due to our concerted efforts, we achieved zero vehicle accidents and zero lost-time injuries (LTI) in 2024. Our proactive measures also improved vehicle breakdown rates, ensuring a more reliable and safer transportation system for both our employees and customers.

## Training

Our success is rooted in the robust safety training programs we offer, particularly for our drivers. We remain committed to continuously enhancing our safety practices.

## Practices

Our health and safety practices not only help us achieve our organizational goals but also align with SDG 3 – Good Health and Well-being, and the UAE Vision 2021 pillar of world-class healthcare

Health and Safety Matrix	2021	2022	2023	2024
Number of lost days from LTIs	0	0	0	0
Number of fatalities	0	0	0	0
Number of near misses	0	0	0	0
Number of Unsafe Act	6	6	6	2
Number of Vehicle accidents	5	6	0	0
Number of Vehicle Violations	67	66	35	32

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BIO DIVERSITY

# BIO DIVERSITY

## Hily Holding P.J.S.C's Commitment to Biodiversity Conservation

At Hily Holding P.J.S.C, we understand the vital role biodiversity conservation plays in maintaining the balance of our planet's ecosystems. As a responsible corporate entity, we are dedicated to minimizing our environmental impact and promoting biodiversity preservation through proactive strategies implemented across all of our business operations. One of the key initiatives within our corporate group is Dana Plaza Real Estate, a subsidiary of Hily Holding P.J.S.C. Dana Plaza Real Estate prioritizes sustainability and environmental stewardship in its daily operations. In alignment with our goal to reduce emissions and pollution, Dana Plaza Real Estate adopts strict procedures to optimize resource efficiency and minimize waste.

A core strategy employed by Dana Plaza Real Estate is the implementation of comprehensive recycling programs. The company ensures that all recyclable materials, such as paper, plastic, and glass, are efficiently sorted and processed, helping to divert waste from landfills and reduce environmental pollution. Furthermore, Dana Plaza Real Estate actively seeks opportunities to repurpose scrap materials generated from building maintenance and development projects, further decreasing waste and mitigating environmental impact.

## 1. Operational Sites and Biodiversity Conservation

At Hily Holding, we remain dedicated to safeguarding biodiversity across all our operational sites. We continuously assess the impact of our activities on local ecosystems and are committed to integrating practices that foster biodiversity conservation and enhance environmental sustainability.

## 2. Significant Impacts on Biodiversity

We strive to identify and mitigate the effects of our operations on biodiversity. Through consistent environmental impact assessments, we take proactive measures to minimize adverse effects, ensuring the protection and preservation of natural habitats and ecosystems.

**In summary, Hily Holding P.J.S.C is resolute in its commitment to biodiversity conservation and environmental sustainability. By embracing proactive measures, responsible management practices, and collaborating with key stakeholders, we work diligently to protect and preserve biodiversity for both current and future generations.**



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GENDER EQUALITY

# GENDER EQUALITY

At Hily Holding P.J.S.C., we are dedicated to promoting gender equality and empowering women across all our operations. Our initiatives align with the United Nations Sustainable Development Goal (SDG 5), which seeks to eliminate all forms of discrimination against women and girls. Moreover, we are committed to fostering a safe and just community, as outlined in the UAE Vision 2021.

We are pleased to report that in 2023, we increased the number of newly hired female employees by 5%, reflecting our ongoing commitment to diversity and inclusion within our workforce. Alongside this, we have established policies and programs designed to create a safe, supportive, and inclusive workplace that provides equal opportunities for all employees, irrespective of gender.

We firmly believe that gender equality is not just a fundamental human right, but also a key driver of sustainable business growth and innovation. We are dedicated to fostering a diverse and inclusive workforce, where everyone has an equal opportunity to succeed and thrive

FEMALE PARTICIPATION		
Year	Managerial Position	Non-Managerial Position
2021	1%	3%
2022	8%	5%
2023	8%	7%
2024	8%	9%

VOLUNTARY TURNOVER RATE BY GENDER		
Year	Male	Female
2021	4%	3%
2022	11%	2%
2023	-	-
2024	-	-

FULL TIME EMPLOYEES BY GENDER		
Year	Male	Female
2021	94%	6%
2022	87%	13%
2023	80%	20%
2023	80%	20%

TOTAL NEW HIRED EMPLOYEES BY GENDER		
Year	Male	Female
2021	98%	2%
2022	80%	20%
2023	75%	25%
2023	65%	35%

# GENDER EQUALITY

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CHILD LABOUR

# CHILD LABOUR

## 408-1 Operations and Suppliers at Significant Risk for Incidents of Child Labor:

At Hily Holding P.J.S.C, we are committed to strict adherence to the labor laws of the United Arab Emirates (UAE) and uphold a zero-tolerance policy against child labor. Our operations and suppliers are held to the highest ethical standards, ensuring full compliance with relevant laws and regulations.

As part of our comprehensive supplier assessment process, we conduct detailed evaluations to identify and mitigate any risks related to child labor within our supply chain. We engage with our suppliers to clearly communicate our expectations on labor practices and perform continuous monitoring to ensure adherence.

We take pride in stating that Hily Holding P.J.S.C has never been involved in any cases of child labor. Our hiring practices are transparent and ethical, with the youngest individual employed in our company being 19 years old at the time of their employment.

In addition to our internal efforts, we support global initiatives aimed at eradicating child labor and work closely with local authorities and organizations to tackle this critical issue. Our dedication to ethical labor practices goes beyond mere legal compliance to safeguard the rights and dignity of all individuals, including children, throughout our workforce and supply chain

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AGE DIVERSITY

# AGE DIVERSITY



At Hily Holding PJSC, we understand the value of fostering age diversity and cultivating an inclusive workplace culture that welcomes employees of all ages. As part of our dedication to diversity and inclusion, we aim to attract, nurture, and retain talent from a variety of age groups.

We are pleased to share that 40% of our workforce consists of employees under the age of 30. In addition, we have strengthened our commitment to age diversity by ensuring that 75% of our new hires in 2023 are under the age of 30.

These efforts are in line with the United Nations Sustainable Development Goal 8 (SDG 8) on decent work and economic growth, which emphasizes the need to foster inclusive and sustainable economic growth, as well as providing employment opportunities for all.

We believe that age diversity enhances the vitality and dynamism of our workplace, driving innovation and creativity. Our commitment to an inclusive environment is reflected in our policies and programs, which aim to ensure equal opportunities for all employees, irrespective of age, and support their continuous professional growth and development.

FULL TIME EMPLOYEES BY THE YEAR OF SERVICE			
Year	1-5 years	5-10 years	Above 10 years
2020	40%	40%	20%
2021	50%	40%	10%
2022	55%	40%	5%
2023	60%	42%	5%

FULL TIME EMPLOYEES BY AGE GROUP			
Year	Under 30	Between 30-50	Above 50
2020	20%	60%	10%
2021	29%	63%	8%
2022	37%	56%	7%
2023	40%	56%	4%

NEWLY EMPLOYEES BY AGE GROUP			
Year	Under 30	Between 30-50	Above 50
2020	35%	55%	10%
2021	50%	35%	15%
2022	70%	15%	15%
2023	75%	15%	10%

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FOSTERING  
INCLUSION



# FOSTERING INCLUSION



At Hily Holding, we are dedicated to fostering a diverse and inclusive workplace in line with UAE Vision 2021 and SDG 10. We believe that a diverse workforce drives creativity, innovation, and productivity. To ensure we remain a welcoming employer, we have taken steps to create an environment where individuals from all backgrounds feel supported and valued.

In 2024, we were pleased to see a notable increase in the number of nationalities represented within our workforce. From 19 nationalities in the previous year, we now proudly have 23 different nationalities contributing to our businesses, marking a 21% increase in workforce diversity.

Additionally, we are proud to have a team that consists of 5% UAE nationals, along with 95% expats, reflecting our belief in the value of combining local talent with global experience. We will continue to focus on enhancing the representation of local UAE nationals in our workforce in the years to come.

At Hily Holding, we are committed to cultivating a culture of respect and inclusivity, where all employees are empowered to contribute to a more innovative and sustainable future for our business.



**23** Different Nationalities working at Hily Holding

## EMPLOYEES BY ORIGIN

YEAR	UAE NATIONALS	EXPATS
2020	2%	98%
2021	3%	97%
2022	5%	95%
2023	5%	95%

### **401-1 New Employee Hires and Employee Turnover**

At Hily Holding P.J.S.C, we are committed to fostering continuous growth, which includes regular recruitment efforts to support our expanding operations. This ongoing commitment has resulted in a consistent flow of new talent joining our team. According to our monthly HR reports, we maintain an employee turnover rate of approximately 9%, which reflects a strong balance between retaining valuable talent and adapting to the evolving needs of our organization

### **401-2 Benefits Provided to Full-Time Employees that are Not Provided to Temporary or Part-Time Employees**

At Hily Holding P.J.S.C, we highly value the contributions of our employees and understand the importance of offering robust benefits to enhance their well-being and support their career growth. Full-time employees are granted additional benefits beyond those provided to temporary or part-time staff. These perks include annual salary bonuses and yearly salary increases, which are awarded based on performance evaluations and management recommendations. We believe in recognizing the dedication and commitment of our full-time employees, and these benefits serve as a token of our gratitude for their consistent hard work and loyalty to the company's growth.

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**ECONOMIC  
PERFORMANCE**

# ECONOMIC PERFORMANCE

## 201-1 Direct Economic Value Generated and Distributed

In response to the changing global economic environment, Hily Holding P.J.S.C. has taken proactive measures to support our employees in managing challenging financial conditions. Recognizing the importance of helping our workforce sustain their quality of life, especially during periods of economic instability, we offer select food products at discounted prices to alleviate the cost of daily living. Furthermore, we remain committed to adjusting salaries in response to inflation and other economic shifts, ensuring that our employees' purchasing power is preserved.

## 201-2 Financial Implications and Risks Due to Climate Change

As climate change presents considerable risks to both the environment and society, with potential financial consequences for our employees, Hily Holding P.J.S.C. remains proactive in addressing these challenges. In the event of environmental crises or unexpected circumstances arising from climate change, we are committed to supporting our employees through various means, including offering financial assistance. For example, we may provide low-interest loans to employees facing financial hardship due to climate-related events or environmental disasters, helping them navigate temporary setbacks and maintain their financial well-being.

## 201-3 Defined Benefit Plan Obligations and Other Retirement Plans

Here's the rephrased version of the subtitle "201-3 Defined Benefit Plan Obligations and Other Retirement Plans":

Hily Holding P.J.S.C is steadfast in its commitment to adhere to the UAE's legal requirements for retirement plans for Emirati employees. We recognize the importance of providing secure and sustainable retirement benefits that comply with local laws and best practices. Our retirement plans are structured to ensure that Emirati employees receive financial stability and peace of mind as they prepare for retirement, including defined benefit plan obligations and other retirement benefits in full alignment with UAE regulations.

**In n conclusion, Hily Holding P.J.S.C is committed to improving the financial well-being and retirement opportunities for our Emirati employees. By taking proactive steps, ensuring compliance with local regulations, and offering support during difficult economic and environmental circumstances, we aim to foster a supportive and inclusive work environment where employees can flourish throughout their careers and beyond.**

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Innovation and Reengineering  
Product Quality & Sustainability

# Innovation and Reengineering

## Product Quality & Sustainability

### Key Focus Areas:

- Product Quality & Safety
- Healthy Products
- Responsible Supply Chain Management
- Innovation

### Aligned with UAE Vision 2021:

- Pillar: Sustainable Environment & Infrastructure
- Pillar: Competitive Knowledge Economy

### SDG Goals:

- Affordable and Clean Energy (7)
- Industry, Innovation, and Infrastructure (9)
- Responsible Consumption and Production (12)
- Climate Action (13)

### UAE Vision 2021

Pillar: Sustainable Environment & Infrastructure Competitive Knowledge Economy

In our 2024 report, Hily Holding reaffirms its steadfast commitment to continually improving our products and services, ensuring they meet the ever-changing demands and expectations of our valued customers. At the same time, we remain focused on environmental sustainability and responsible practices. In line with this commitment, we have dedicated efforts toward innovation and process reengineering to enhance the quality, safety, and sustainability of our offerings across our diverse business sectors, including Warehousing, FMCG, and Logistics. By leveraging cutting-edge technologies and data analytics, our goal is to reduce waste, optimize resource usage, and increase the value of our products for our customers and stakeholders alike. In this report, we highlight some of our key initiatives and achievements from 2024, which align with the UAE Vision 2021 and the United Nations Sustainable Development Goals.



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FINANCIAL  
HIGHLIGHTS

# FINANCIAL HIGHLIGHTS



Hily Holding places a strong emphasis on sustainability across its diverse range of products, including energy drinks, collagen waters, vine leaves, healthy snacks, and ready-to-eat meals. Our sustainability initiatives align with several key United Nations Sustainable Development Goals (SDGs), such as SDG 2 (Zero Hunger), SDG 3 (Good Health and Well-being), SDG 7 (Affordable and Clean Energy), SDG 12 (Responsible Consumption and Production), and SDG 13 (Climate Action). We also follow the Global Reporting Initiative (GRI) Standards, including GRI 102 (General Disclosures), 201 (Economic Performance), 301 (Environmental Performance), 303 (Water and Effluents), and 305 (Emissions). These efforts are in line with the UAE Vision 2030, particularly focusing on Sustainable Environment and Infrastructure and a Cohesive Society with Preserved Identity. Our dedication to sustainability has resulted in an 18% increase in the proportion of quality and healthy products in 2022, demonstrating our commitment to reducing environmental impact while providing exceptional value to our customers.

**A great year with 57.48%  
revenue growth**

**24.641**

Net profit  
(AED million)

**110.990**

Net Revenue  
(AED million)

**1,213**

Total Assets  
(AED million)

**624.604**

Shareholders Equity  
(AED million)



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PRODUCT AND SERVICE  
INFORMATION AND  
LABELING

# PRODUCT AND SERVICE INFORMATION AND LABELING

At Hily Holding P.J.S.C, we are committed to upholding transparency and ensuring customer satisfaction by adhering to strict standards for product and service information and labeling. Our dedication to sustainability is reflected in how we communicate with consumers, guaranteeing that they receive accurate and complete details about our offerings. In alignment with this commitment, we follow the guidelines set forth by the Gulf Standardization Organization (GSO) and UAE Standards for labeling. When certain information is not addressed by these standards, we refer to the guidelines established by the Food and Drug Administration (FDA) to ensure consistency and clarity in our labeling practices.

## 417-1 Requirements for Product and Service Information and Labeling

We maintain the highest standards in providing product and service information and labeling, fully complying with GSO/UAE Standards and FDA guidelines. Our labeling processes ensure the accurate and clear presentation of essential details, such as product ingredients, nutritional values, allergens, instructions for use, and any other relevant information. These practices are designed to enable consumers to make well-informed choices while fostering transparency and trust with our customers..

## 417-2 Incidents of Non-Compliance Concerning Product and Service Information and Labeling

In the unlikely event that any non-compliance issues arise regarding product and service information or labeling, we respond promptly and effectively to resolve the situation and prevent any recurrence. Our rigorous quality assurance procedures include regular audits and inspections to ensure adherence to both regulatory guidelines and our internal standards. Any non-compliance incidents are thoroughly examined, with corrective actions put in place to rectify the problem and minimize any possible impact on consumers.

## 417-3 Incidents of Non-Compliance Concerning Marketing Communications

We are committed to upholding ethical marketing practices and ensuring compliance with all applicable regulations governing marketing communications. Our marketing materials are crafted to be truthful, transparent, and consistent with our brand values. In the rare instance that a non-compliance issue arises related to our marketing communications, we take swift corrective measures to resolve the issue and prevent its recurrence. Our ultimate goal is to retain the trust and confidence of our customers by ensuring that our marketing messages remain accurate, respectful, and fully compliant with relevant laws and standards.

In conclusion, at Hily Holding P.J.S.C, we are committed to maintaining the highest standards for product and service information, labeling, and marketing communications. By adhering to GSO/UAE Standards and FDA guidelines, we emphasize our dedication to transparency, accountability, and ensuring customer satisfaction in every aspect of our operations.

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**OPTIMIZING VALUES INTO  
ALL OPERATIONS**

# OPTIMIZING VALUES INTO ALL OPERATIONS

Since 2022, our company has launched initiatives aimed at enhancing value across our entire value chain. In supply chain management, we have focused on sustainable sourcing by partnering with local, environmentally responsible suppliers, supporting the United Nations Sustainable Development Goals (SDGs) such as SDG 12 (Responsible Consumption and Production) and SDG 13 (Climate Action), along with adhering to Global Reporting Initiative (GRI) Standards, including GRI 204 and 308. In warehousing and logistics, we have integrated advanced technology to improve efficiency and reduce waste, in alignment with SDG 9 (Industry, Innovation, and Infrastructure) and relevant GRI Standards like GRI 301 and 302. These initiatives have allowed us to lessen our environmental footprint and contribute to sustainability. Additionally, we have remained firmly committed to health and safety, in accordance with SDG 3 (Good Health and Well-being) and GRI Standards such as GRI 403 and 404. Through extensive training and the allocation of necessary resources, we have ensured a safe and healthy environment for our employees, customers, and stakeholders. Overall, our 2022 efforts reflect our commitment to optimizing value, promoting sustainability, and supporting the UAE National Vision 2021 pillars of Sustainable Environment and Infrastructure, and Cohesive Society and Preserved Identity..

## Plan



### Sales & Business Development

- Market Demand
- Products
- Distribution

## Source



### Procurement

- Sourcing
- Buying
- Supplier's evaluation

## Storage



### Operations

- Warehousing
- Operations Excellence
- Assets Maintenance

## Deliver



### Logistics

- Fleet
- Distribution

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AUDIT

# AUDIT

## THE EXTERNAL AUDITOR KPMG

Our external auditor, KPMG, adheres to International Standards on Auditing (ISA) and complies with the relevant laws and regulations of the United Arab Emirates, including those set by the Securities and Commodities Authority (SCA). We ensure that KPMG is equipped with the necessary resources and expertise to carry out audits that meet international accounting standards, ensuring transparency and reliability in our financial reporting.

## THE Audit Committee

Our Audit Committee functions in alignment with the UAE Commercial Companies Law, Securities and Commodities Authority (SCA) regulations, and the Abu Dhabi Securities Exchange (ADX) listing requirements. It also adheres to the International Framework for Assurance Engagements established by the International Auditing and Assurance Standards Board (IAASB). We ensure that the committee is well-equipped with the expertise and resources necessary to effectively oversee our financial reporting, internal control systems, and risk management framework.

## INSIDERS' TRADING FOLLOW-UP & SUPERVISION COMMITTEE

Our Insiders' Trading Follow-Up & Supervision Committee operates in strict compliance with the UAE Commercial Companies Law, Securities and Commodities Authority (SCA) regulations, and Abu Dhabi Securities Exchange (ADX) listing rules. The Committee diligently adheres to all guidelines issued by the SCA and the Dubai Financial Services Authority (DFSA) aimed at preventing insider trading. Furthermore, our insider trading policies are fully aligned with global Environmental, Social, and Governance (ESG) reporting standards set by the Global Reporting Initiative (GRI), reinforcing our commitment to regulatory compliance and transparency.

## INTERNAL CONTROL SYSTEM

Our Internal Control System adheres to the UAE Commercial Companies Law, SCA regulations, and ADX listing rules. We ensure that our internal controls are aligned with the International Framework for Internal Control established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). As part of our ongoing commitment to improving internal controls, we have started implementing the COSO framework, with the goal of achieving a clean unqualified report on internal controls by the end of 2025. Additionally, we comply with sustainability reporting guidelines issued by the Global Reporting Initiative (GRI), which include disclosures related to our internal control systems and risk management practices.

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HUMAN RIGHTS

# HUMAN RIGHTS

Hily Holding PJSC is dedicated to aligning our business operations with the UAE's Vision 2021, as well as supporting the United Nations' Sustainable Development Goals (SDGs) 5, 3, and 8. In 2024, we made substantial progress in executing our policies and advancing towards our sustainability objectives.



In alignment with SDG 3, we have implemented various initiatives to enhance the health and well-being of our employees, customers, and the broader community. Our comprehensive workplace health and safety program includes regular training and awareness sessions to ensure a secure and healthy environment. Additionally, we have introduced several health and wellness initiatives, such as access to health clinics, nutritious food options, and fitness programs for our employees.



In alignment with SDG 5, we are dedicated to advancing gender equality and empowering women within our workforce. Our policies ensure equal pay and opportunities for all employees, irrespective of gender. Additionally, we have introduced various initiatives to foster the professional growth of women, including mentorship and leadership development programs.



In alignment with SDG 8, we are dedicated to fostering sustainable economic growth and promoting decent work for all. Our commitment is reflected in the adoption of responsible business practices, including ethical sourcing, fair labor practices, and a strong focus on environmental responsibility. Additionally, we have invested in employee training and development programs, equipping them with the skills necessary to excel in their roles and contribute to our continued success.

We are proud of the progress made in 2024 and remain steadfast in our commitment to our sustainability objectives. As we move forward, we will continue to assess and refine our policies and practices to ensure they are in line with the UAE's 2021 National Vision and the Sustainable Development Goals (SDGs). We are confident that our dedication to responsible business practices and sustainable development will drive long-term success and contribute to the prosperity of our stakeholders and the broader community..



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CLEAR INFO FOR  
MARKETING

# CLEAR INFO FOR MARKETING

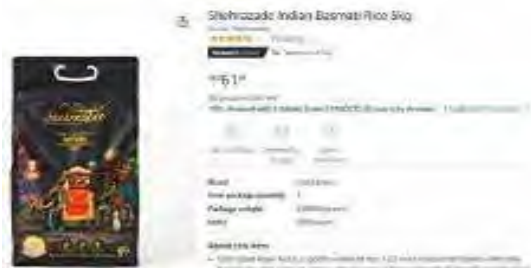
## PROVIDING CLEAR AND ACCURATE PRODUCT INFORMATION:

In 2024, we made sure that all product details available in our stores, on our website, and on e-commerce platforms were precise, current, and easily understandable. This ensured that our customers were empowered to make well-informed decisions when purchasing our products.



## AVOIDING FALSE OR MISLEADING CLAIMS

In 2024, our marketing campaigns were meticulously designed to ensure that no false or misleading claims were made regarding our products or services. This approach enabled us to foster trust with our customers while minimizing any potential legal risks.



## PROMOTING HEALTHY AND SUSTAINABLE PRODUCTS

In 2024, we focused on promoting healthy and sustainable products. This initiative included showcasing organic and locally sourced items, along with products that have reduced sugar, salt, and fat content.



## EDUCATING CUSTOMERS ABOUT RESPONSIBLE CONSUMPTION

In 2024, we initiated a series of educational campaigns aimed at raising awareness among our customers about the importance of responsible consumption. These efforts included providing valuable information on portion control, reducing waste, and promoting recycling practices.



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**RISK MANAGEMENT &  
INTRERNAL CONTOLS**

# RISK MANAGEMENT & INTERNAL CONTROLS

Effective risk management and internal controls are critical elements of Hily Holding PJSC's corporate governance framework. As a responsible corporate entity, we understand the significance of managing risks and ensuring compliance with all relevant laws and regulations. Our risk management and internal control systems are proactively designed to identify, assess, and mitigate risks across the organization. To achieve this, we have put in place a comprehensive set of policies, procedures, and controls that align with international best practices while adhering to local laws and regulations. We continuously review and refine these controls to ensure their effectiveness and alignment with our business objectives and values.

As part of our commitment to corporate governance, we have begun implementing the COSO framework, alongside the Board of Directors' (BOD) initiation of the corporate governance framework. These efforts help provide reasonable assurance that our operations are efficient, effective, and compliant with relevant laws and regulations. Our internal control system includes several components, such as risk assessment, control activities, information and communication, and monitoring, to safeguard assets, ensure accurate financial reporting, and maintain regulatory compliance.

We are committed to the ongoing improvement of our risk management and internal control systems to mitigate risks and support our long-term sustainability goals. These systems are regularly reviewed to ensure alignment with the latest ESG reporting standards, international accounting principles, and securities exchange regulations, ensuring transparent and reliable reporting to our stakeholders and reinforcing our dedication to responsible corporate governance.

## NOMINATION & REMUNERATION COMMITTEE

Our Nomination & Remuneration Committee operates in accordance with the UAE Commercial Companies Law, SCA regulations, and ADX listing rules. We ensure that the committee adheres to the Corporate Governance Code issued by the SCA. Additionally, our executive remuneration policies are designed to align with the Principles of Responsible Investment (PRI) and the Sustainability Accounting Standards Board (SASB) standards, ensuring responsible and sustainable practices in our approach to executive compensation.



We are in compliance with the latest ESG reporting standards, international accounting principles, and securities exchange regulations, ensuring transparency, reliability, and sustainability in our operations

## ANTI- MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM AND ILLEGAL ORGANISATIONS

Hily Holding PJSC fully complies with Federal Decree-law No. (20) of 2018 concerning Anti-Money Laundering, Combating the Financing of Terrorism, and the Financing of Illegal Organizations. We have successfully registered on the mandatory 'GOAML' portal, which is required for all Relevant Persons, including Designated Non-Financial Businesses (DNFBPs) such as Foodco Holding Company and Danaplaza Company.

As a DNFBP, we have implemented stringent customer due diligence (CDD) procedures to verify the identity of our customers. We have established an internal supervision system to monitor and report suspicious transactions to our Compliance Officer, who is responsible for reporting these activities directly to the Financial Intelligence Unit (FIU) of the UAE Central Bank through the approved electronic system or any other means approved by the FIU.

Our Compliance Officer is well-trained in regulatory requirements and ensures effective execution of their duties. They oversee compliance with anti-money laundering and counter-terrorism financing regulations, ensuring that our risk management and internal control systems remain robust and addressing any emerging issues. We have also identified high-risk jurisdictions and implemented additional measures to mitigate related risks. Through our adherence to these regulations, we demonstrate our commitment to responsible corporate citizenship and sustainable business practices. We are committed to continuously reviewing and improving our risk management and internal control systems to remain compliant with the latest regulations and ESG reporting standards.

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CUSTOMER  
SATISFACTION

# CUSTOMER SATISFACTION

## ENCOURAGING CUSTOMER FEEDBACK AND ENGAGEMENT

In 2024, we proactively gathered customer feedback and fostered engagement through social media and various other channels. This approach enabled us to gain deeper insights into our customers' needs and preferences, allowing us to enhance our products and services.



## AVOIDING FALSE OR MISLEADING CLAIMS

In 2024, we focused on promoting responsible sourcing and production practices. This involved selecting suppliers who prioritize sustainable and ethical production methods, as well as supporting local producers and artisans.



## AVOIDING FALSE OR MISLEADING CLAIMS

In 2024, we carefully crafted our marketing campaigns to ensure they were free from offensive or discriminatory content. We took cultural and social sensitivities into account, ensuring that our campaigns were inclusive and respectful of all customers.



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HILY HOLDING'S  
DESCRIPTION OF PRINCIPLES

# HILY HOLDING'S

## DESCRIPTION OF PRINCIPLES

GRI 300 Environmental Standard Series	Description
<b>Materials</b>	This topic covers the management of materials, including their use, consumption, and disposal. It includes the responsible sourcing of raw materials, reduction of waste, and circular economy principles.
<b>Energy</b>	This topic covers the management of energy, including energy use and efficiency, renewable energy, and greenhouse gas emissions. It includes tracking energy consumption and implementing strategies to reduce energy usage and emissions.
<b>Water</b>	This topic covers the management of water, including water use and efficiency, wastewater management, and access to water. It includes tracking water usage, implementing strategies to reduce water usage, and managing wastewater responsibly.
<b>Biodiversity</b>	This topic covers the management of biodiversity, including the protection and conservation of ecosystems, species, and natural habitats. It includes the responsible management of land use, and the protection of biodiversity hotspots.
<b>Emissions</b>	This topic covers the management of emissions, including air emissions, water discharges, and hazardous waste management. It includes tracking emissions and waste disposal, implementing strategies to reduce emissions, and managing hazardous waste responsibly.
<b>Effluents and Waste</b>	This topic covers the management of effluents and waste, including wastewater, solid waste, and hazardous waste. It includes tracking waste generation, implementing strategies to reduce waste, and managing hazardous waste responsibly.
<b>Products and Services</b>	This topic covers the environmental impact of products and services, including their design, production, distribution, use, and disposal. It includes implementing sustainable product design, responsible sourcing, and end-of-life management strategies.
<b>Compliance</b>	This topic covers compliance with environmental laws and regulations, including permits, reporting requirements, and environmental impact assessments. It includes identifying and managing environmental risks and ensuring compliance with legal requirements.
<b>Transport</b>	This topic covers the management of transportation, including the environmental impact of company vehicles, logistics, and transportation modes. It includes implementing strategies to reduce transportation-related emissions and improve efficiency.
<b>Overall</b>	This topic covers the overall environmental management and performance of the organization, including environmental policies, governance, and stakeholder engagement. It includes setting environmental targets, reporting on environmental performance, and engaging with stakeholders on environmental issues.



# HILY HOLDING'S

## DESCRIPTION OF PRINCIPLES

Material Topic	Relevant Sections
Corporate Governance	Governance section
Anti-corruption	Ethics and Integrity section
Product Quality and Safety	Product Responsibility section
Customer Privacy and Data Protection	Customer Privacy and Data Protection section
Supply Chain Management	Supply Chain section
Employee Health and Safety	Occupational Health and Safety section
Diversity and Inclusion	Diversity and Inclusion section
Employee Training and Development	Employee Training and Development section
Employee Compensation and Benefits	Employee Compensation and Benefits section
Community Engagement and Philanthropy	Community Engagement and Philanthropy section
Climate Change and Energy	Climate Change and Energy section
Water Stewardship	Water Stewardship section
Biodiversity and Ecosystems	Biodiversity and Ecosystems section
Waste and Hazardous Materials	Waste and Hazardous Materials section
Air Pollution	Air Pollution section

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GRI CONTENT INDEX

# GRI CONTENT INDEX

<b>Statement of use</b>	Hily Holding P.J.S.C has reported in accordance with the GRI Standards for the period 01/01/2023 to 31/12/2023.
<b>GRI 1 used</b>	GRI 1: Foundation 2021
<b>Applicable GRI Sector Standard(s)</b>	Group 1: Basic materials and needs & Group 2: Industrial & Group 3: Transport, infrastructure and tourism

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.	ADX DISCLOSURE
			REQUIREMENT	REASON	EXPLANATION		
<b>GENERAL DISCLOSURES</b>							
GRI 2: General Disclosures 2021	2-1 Organizational details	pg 03 - 07				GRI 102-11	G1: Board Diversity
	2-2 Entities included in the organization's sustainability reporting	pg. 4 to pg. 9/ pg. 60 to pg. 67				GRI 102-11 to GRI 102-16	G2: Board Independence
	2-3 Reporting period, frequency and contact point	pg. 3				GRI 102-18 / GRI 102-40	
	2-4 Restatements of information	pg. 4 / pg. 14 / pg. 15					

GRI 2: General Disclosures 2021	2-5 External assurance	pg. 23 pg. 24 and pg. 95				GRI 2	G9: External Assurance
	2-6 Activities, value chain and other business relationships	pg. 19 / pg. 27 / pg. 40 to pg. 54				GRI 102-40	
	2-7 Employees	pg. 44 to pg. 52				400-1 / GRI 102-44	
	2-8 Workers who are not employees	pg. 44					S5: Temporary Worker
	2-9 Governance structure and composition	pg. 9 and pg. 10				GRI 102-14	G1: Board Diversity
	2-10 Nomination and selection of the highest governance body	pg. 09				GRI 102-15	
	2-11 Chair of the highest governance body	pg. 6 to pg. 10				GRI 102-12	G2: Board Independence
	2-12 Role of the highest governance body in overseeing the management of impacts	pg. 14 pg. 15				GRI 102-12	G2: Board Independence G8: Disclosure Practices
	2-13 Delegation of responsibility for managing impacts	pg. 15				GRI 102-14	
	2-14 Role of the highest governance body in sustainability reporting	pg. 17				GRI 103-3	G7: Sustainability Reporting E8, E9: Environmental Oversight
	2-15 Conflicts of interest	in the report				GRI 102-25	
	2-16 Communication of critical concerns	in the report				GRI 102-33	
	2-17 Collective knowledge of the highest governance body	pg. 3 to pg. 10				GRI 102-14 / GRI 102-15 / GRI 102-27	
	2-18 Evaluation of the performance of the highest governance body	In the report					
	2-19 Remuneration policies	pg. 29				GRI 102-40	G3: Incentivized Pay
	2-20 Process to determine remuneration	pg. 101				GRI 102-40 / GRI 201	
2-21 Annual total compensation ratio	in the report				GRI 102-44 / GRI 102-38	S1: CEO Pay Ratio	

GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	pg. 26 and pg. 27				GRI 102-17	E8, E9: Environmental Oversight
	2-23 Policy commitments	pg. 29, pg. 95, pg. 101				GRI 2	
	2-24 Embedding policy commitments	pg. 95				GRI 2	
	2-27 Compliance with laws and regulations	pg. 95, pg. 101 in the report				GRI 2	G8: Disclosure Practices
	2-29 Approach to stakeholder engagement	pg. 40 to pg. 50				GRI 102-16	

### MATERIAL TOPICS

GRI 3: Material Topics 2021	3-1 Process to determine material topics	pg. 20				GRI 102-43	
	3-2 List of material topics	pg. 22				GRI 103-1	

### ECONOMIC PERFORMANCE

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	pg. 93 pg. 29 to pg. 32				GRI 201-1	
	201-2 Financial implications and other risks and opportunities due to climate change	pg. 89, pg. 29 to pg. 32				GRI 201-2	
	201-3 Defined benefit plan obligations and other retirement plans	pg. 85 pg. 29 to pg. 32				GRI 201-3	

### MARKET PRESENCE

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	pg. 76				GRI 202-1	
	202-2 Proportion of senior management hired from the local community	pg.80				GRI 202-2	

## INDIRECT ECONOMIC IMPACTS

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	pg.67, pg.87				GRI 203-1	
	203-2 Significant indirect economic impacts	pg. 85				GRI 203-2	

## PROCUREMENT PRACTICES

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	pg. 33, pg. 42				GRI 204-1	G4: Supplier Code of Conduct

## ANTI-CORRUPTION

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	pg. 95 to pg. 101				GRI 205	
	205-2 Communication and training about anti-corruption policies and procedures	pg.52 and pg. 54				GRI 205	G5: Ethics & Prevention of Corruption
	201-3 Defined benefit plan obligations and other retirement plans	pg. 85				GRI 205	G5: Ethics & Prevention of Corruption

## ANTI-COMPETITIVE BEHAVIOR

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	pg. 29, pg. 101 ,pg.95				GRI 206	114

**TAX**

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 207: Tax 2019	207-1 Approach to tax	pg. 47				GRI 207-1	
	207-2 Tax governance, control, and risk management	pg. 47				GRI 207-2	
	207-3 Stakeholder engagement and management of concerns related to tax	pg. 42 to pg. 43				GRI 207-3	
	207-4 Country-by-country reporting	pg. 42				GRI 207-4	

**MATERIALS**

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	pg. 36, pg. 37				GRI 301-1	E7: Environmental Operations
	301-2 Recycled input materials used	pg. 36, pg. 37				GRI 301-2	
	301-3 Reclaimed products and their packaging materials	pg. 36, pg. 37				GRI 301-3	E7: Environmental Operations

**ENERGY**

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	pg. 35				GRI 302-1	
	302-2 Energy consumption outside of the organization	pg. 35				GRI 302-2	E3: Energy Usage
	302-3 Energy intensity	pg. 35				GRI 302-3	E5: Energy Mix
	302-4 Reduction of energy consumption	pg. 35				GRI 302-4	E4: Energy Intensity
	302-5 Reductions in energy requirements of products and services	pg. 32 and pg. 39				GRI 302-5	E3: Energy Usage

## WATER AND EFFLUENTS

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	pg. 37				GRI 303-1	E6: Water Usage
	303-2 Management of water discharge-related impacts	pg. 37				GRI 303-2	
	303-3 Water withdrawal	pg. 37				GRI 303-3	
	303-4 Water discharge	pg. 37				GRI 303-4	
	303-5 Water consumption	pg. 37				GRI 303-5	

## BIODIVERSITY

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	pg. 74				GRI 304-1 2016	E7: Environmental Operations E8: Environmental Oversight E9: Environmental Oversight
	304-2 Significant impacts of activities, products and services on biodiversity	pg. 74				GRI 304-2 2016	

## EMISSIONS

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	pg. 35, pg. 38				GRI 305-1	E1: GHG Emissions E2: Emissions Intensity
	305-2 Energy indirect (Scope 2) GHG emissions	pg. 35, pg. 38				GRI 305-2	E7: Environmental Operations
	305-3 Other indirect (Scope 3) GHG emissions	pg. 35, pg. 38				GRI 305-3	
	305-4 GHG emissions intensity	pg. 35, pg. 38				GRI 305-4	E8: Environmental Oversight



GRI 305: Emissions 2016	305-5 Reduction of GHG emissions	pg. 35, pg. 38				GRI 305-5	E8: Environmental Oversight
	305-6 Emissions of ozone-depleting substances (ODS)	pg. 35, pg. 38				GRI 305-6	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	pg. 35, pg. 38				GRI 305-7	
<b>WASTE</b>							
GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	pg. 35 to pg.37				GRI 306-1	
	306-2 Management of significant waste-related impacts	pg. 35 to pg.37				GRI 306-2	
	306-3 Waste generated	pg. 35 to pg.37				GRI 306-3	
	306-4 Waste diverted from disposal	pg. 35 to pg.37				GRI 306-4	
	306-5 Waste directed to disposal	pg. 35 to pg.37				GRI 306-5	
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>							
GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	pg. 42				GRI 308-1	G4: Supplier Code of Conduct
	308-2 Negative environmental impacts in the supply chain and actions taken	pg. 42, pg. 43, pg. 56, pg. 57				GRI 308-2	
<b>EMPLOYMENT</b>							
GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	pg. 82, pg. 83				GRI 401-1	S3: Employee Turnover
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	pg. 3www				GRI 401-2	S11: Emiratisation S12: Community Investment

GRI 401: Employment 2016	401-3 Parental leave	pg. 76				GRI 401-3	
<b>LABOR/MANAGEMENT RELATIONS</b>							
GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	in the report				GRI 402-1	
<b>OCCUPATIONAL HEALTH AND SAFETY</b>							
GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	pg. 27, pg. 38, pg. 68 to pg. 72				GRI 403-1	
	403-2 Hazard identification, risk assessment, and incident investigation	pg. 39				GRI 403-2	S8: Global Health & Safety
	403-3 Occupational health services	pg. 38 pg. 68 to pg. 72				GRI 403-3	
	403-4 Worker participation, consultation, and communication on occupational health and safety	pg. 68 to pg. 72 pg. 27, pg. 37				GRI 403-4	
	403-5 Worker training on occupational health and safety	pg. 52 to pg. 54				GRI 403-5	
	403-6 Promotion of worker health	pg. 68 to pg. 72				GRI 403-6	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	in the report				GRI 403-7	S8: Global Health & Safety
	403-8 Workers covered by an occupational health and safety management system	pg. 68 to pg. 72				GRI 403-8	
	403-9 Work-related injuries	pg. 39				GRI 403-9	S7: Injury Rate
	403-10 Work-related ill health	pg. 39				GRI 403-10	

## TRAINING AND EDUCATION

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	pg. 30, pg. 34 pg. 51 to pg. 54				GRI 404-1	
	404-2 Programs for upgrading employee skills and transition assistance programs	pg. 51 to pg. 45				GRI 404-1	
	404-3 Percentage of employees receiving regular performance and career development reviews	pg. 34 / pg. 51 to pg. 54				GRI 404-1	

## DIVERSITY AND EQUAL OPPORTUNITY

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	pg. 75 to pg. 80				400-1 / GRI 405-1	S4: Gender Diversity
	405-2 Ratio of basic salary and remuneration of women to men	pg. 75 to pg. 80				400-1 / GRI 405-2	S6: Non-Discrimination S11: Nationalisation G1: Board Diversity

## NON-DISCRIMINATION

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	pg. 75 to pg. 80				GRI 406-1	S6: Non-Discrimination

## CHILD LABOR

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	pg. 78				GRI 406-1	S9: Child & Forced Labor

## FORCED OR COMPULSORY LABOR

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	pg. 83				GRI 409-1	119 S9: Child & Forced Labor

## SECURITY PRACTICES

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	pg. 97				GRI 410-1	S10: Human Rights

## LOCAL COMMUNITIES

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	pg. 43, pg. 93				GRI 413-1	
	413-2 Operations with significant actual and potential negative impacts on local communities	pg. 43, pg. 74				GRI 413-2	

## SUPPLIER SOCIAL ASSESSMENT

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	pg. 42				GRI 414-1	G4: Supplier Code of
	414-2 Negative social impacts in the supply chain and actions taken	pg. 42				GRI 414-1	

## CUSTOMER HEALTH AND SAFETY

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	pg. 87 to pg. 99 and pg. 103				GRI 416-1	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	pg. 87 to pg. 99 and pg. 103				GRI 416-2	120

### MARKETING AND LABELING

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	pg. 99				GRI 417-1	
	417-2 Incidents of non-compliance concerning product and service information and labeling	pg. 99				GRI 417-2	
	417-3 Incidents of non-compliance concerning marketing communications	pg. 99				GRI 417-3	

### CUSTOMER PRIVACY

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	pg. 46, vpg. 103				GRI 418-1	G6: Data Privacy



**THANK YOU**