

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

## Integrated Report of 2022

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# Board of Directors Report

# Hily Holding PJSC (Formerly known as Foodco Holding PJSC)

## REPORT OF THE BOARD OF DIRECTORS

31 December 2022

The Directors have pleasure in submitting their report and the audited consolidated financial statements for the year ended 31 December 2022.

### 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.

In view of the current economic situations and the predictable challenges in the short term, the company's board of directors decided not to distribute dividends for this year in order to preserve the available liquidity in order to settle the dues to banks and financial institutions to mitigate the huge increase in financing costs locally & globally and to improve the group's financial leverage aiming to maintain the group strong creditworthy position, which will ensure stability of the group financial position

### 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 2022.

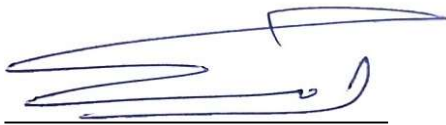
### Transactions with related parties

The consolidated financial statements disclose related parties transactions and balances in note 24. All transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations.

### Auditors of the Company

KPMG Lower Gulf Limited were appointed as external auditors for the Group for the year ended 31 December 2022. 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 2022.

### 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](http://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 2022, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS 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 properties

See note 3(d), 10 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
<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>Due to the significance of investment properties and the related estimation uncertainty, this is considered as a key audit matter. The investment properties are stated at fair value and have been derived using discounted cashflows model prepared internally by management as of 31 December 2022. The valuations are dependent on certain key estimates which require significant judgments including market rent, future rental income, operating costs, occupancy rate and terminal yield rates.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Obtaining and testing the design and implementation of internal controls over valuation of investment properties process;</li> <li>• obtaining the internal valuation model / working (DCF) for all properties and confirming that the valuation approach is in accordance with IFRS 13;</li> <li>• involving our valuation specialist in testing internal valuation model (DCF) for the properties and challenging assumptions for the key estimates of market rent, future rental income, operating costs, occupancy rate and terminal yield rates used in the valuation by comparing them against available industry data;</li> <li>• performing procedures to test whether property specific standing data supplied by management is adequate and reliable by comparing it to the underlying supporting information;</li> <li>• performing sensitivity analyses on the significant assumptions to evaluate the extent of changes in the key assumptions to the conclusions reached by management; and</li> <li>• evaluating 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 Board of Directors' report.

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.

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



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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 2022:

- 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 11 to the consolidated financial statements, the Group has purchased shares during the year ended 31 December 2022;
- vi) note 24 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;
- vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2022 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 2022; and
- viii) note 6 to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2022.

KPMG Lower Gulf Limited

Richard Ackland  
Registration number: 1015  
Abu Dhabi, United Arab Emirates  
Date:

# Financial Information

# **Hily Holding PJSC (formerly known as Foodco Holding PJSC)**

Consolidated financial statements

**31 December 2022**

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

P.O. Box: 2378

Abu Dhabi

United Arab Emirates

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

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

	Note	2022 AED	2021 AED
Revenue from contracts with customers	4 (a)	<b>49,740,964</b>	39,115,461
Income from investment properties	4 (b)	<b>33,799,752</b>	32,868,695
Net income from investments	4 (c)	<b>62,710,412</b>	51,514,770
		<b>146,251,128</b>	123,498,926
Direct costs		<b>(44,524,927)</b>	(37,747,145)
Selling and distribution expenses	5	<b>(20,821,918)</b>	(17,251,267)
General and administrative expenses	6	<b>(18,294,188)</b>	(26,558,731)
Impairment loss on other asset		-	(5,949,510)
Impairment loss on trade receivables	14	<b>(789,500)</b>	(284,475)
Decrease in fair value of investment properties	10	<b>(2,520,723)</b>	(16,778,013)
Share of results of associate	12	<b>34,631,805</b>	108,395,276
Other income		<b>1,688,445</b>	4,369,384
Operating profit		<b>95,620,122</b>	131,694,445
Finance costs		<b>(18,704,676)</b>	(15,752,445)
<b>Profit for the year</b>		<b>76,915,446</b>	115,942,000
<b>Attributable to:</b>			
Equity holders of the company		<b>77,329,961</b>	116,378,013
Non-controlling interests		<b>(414,515)</b>	(436,013)
		<b>76,915,446</b>	115,942,000
<b>Basic and diluted earnings per share attributable to equity holders of the Company</b>	25	<b>0.64</b>	0.97

The attached notes 1 to 30 form part of these consolidated financial statements.

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

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

Consolidated statement of comprehensive income  
for the year ended 31 December

	<b>2022</b>	2021
	<b>AED</b>	AED
<b>Profit for the year</b>	<b>76,915,446</b>	115,942,000
<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	11 <b>2,720,582</b>	(5,473,566)
Associate – share of other comprehensive loss	12 <b>(190,620)</b>	(25,090)
	<hr/>	<hr/>
<b>Other comprehensive income / (loss) for the year</b>	<b>2,529,962</b>	(5,498,656)
	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	<b>79,445,408</b>	110,443,344
	<hr/>	<hr/>
<b>Attributable to:</b>		
Equity holders of the Company	<b>79,859,923</b>	110,879,357
Non-controlling interests	<b>(414,515)</b>	(436,013)
	<hr/>	<hr/>
	<b>79,445,408</b>	110,443,344
	<hr/> <hr/>	<hr/> <hr/>

The attached notes 1 to 30 form part of these consolidated financial statements.

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

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Consolidated statement of financial position

as at 31 December

	Notes	2022 AED	2021 AED
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	7	62,646,526	60,351,897
Intangible assets	8	459,293	787,850
Right-of-use assets	9	7,311,557	8,154,987
Investment properties	10	241,210,031	242,012,006
Equity-accounted investee	12	328,648,938	292,931,271
Investments held at fair value through other comprehensive income (“FVTOCI”)	11	32,642,449	19,738,327
Investment at amortized cost	11	8,311,999	-
<b>Total non-current assets</b>		<b>681,230,793</b>	<b>623,976,338</b>
<b>Current assets</b>			
Inventories	13	14,754,302	26,427,210
Investments held at fair value through profit or loss (“FVTPL”)	11	187,346,001	273,630,705
Trade and other receivables	14	12,314,997	10,791,313
Prepayment		1,593,443	1,807,306
Amounts due from related parties	24	2,966,633	1,243,983
Bank balances and cash	15	45,304,127	20,017,138
<b>Total current assets</b>		<b>264,279,503</b>	<b>333,917,655</b>
<b>Total assets</b>		<b>945,510,296</b>	<b>957,893,993</b>
<b>Equity</b>			
Share capital	16	120,000,000	120,000,000
Legal reserve	17	60,000,000	60,000,000
Regulatory reserve	18	60,000,000	60,000,000
Fair value reserve		(35,586,124)	(38,085,835)
Retained earnings		383,125,040	305,790,338
<b>Equity attributable to owners of the Company</b>		<b>587,538,916</b>	<b>507,704,503</b>
<b>Non-controlling interests</b>	19	<b>5,187,507</b>	<b>5,587,848</b>
<b>Total equity</b>		<b>592,726,423</b>	<b>513,292,351</b>

... continued

## شركة هيلي القابضة ش.م.ع (شركة فودكو القابضة ش.م.ع سابقاً)

بيان المركز المالي الموحد (تابع)  
كما في 31 ديسمبر 2022

2021 درهم	2022 درهم	إيضاح	المطلوبات
			المطلوبات غير المتداولة
3.714.125	<b>3,945,681</b>	20	مخصص تعويضات نهاية الخدمة للموظفين
7.662.745	<b>7,024,288</b>	21	التزامات الإيجار
153.945.147	<b>221,535,573</b>	22	القروض والسلفيات
<u>165.322.017</u>	<u><b>232,505,542</b></u>		إجمالي المطلوبات غير المتداولة
			المطلوبات المتداولة
687.273	<b>638,459</b>	21	التزامات الإيجار
199.770.454	<b>40,050,867</b>	22	القروض والسلفيات
78.162.934	<b>79,058,292</b>	23	الذمم الدائنة التجارية والأخرى
658.964	<b>530,713</b>	24	مبالغ مستحقة لأطراف ذات علاقة
<u>279.279.625</u>	<u><b>120,278,331</b></u>		إجمالي المطلوبات المتداولة
<u>444.601.642</u>	<u><b>352,783,873</b></u>		إجمالي المطلوبات
<u>957.893.993</u>	<u><b>945,510,296</b></u>		إجمالي حقوق الملكية والمطلوبات

على حد علمنا، تعرض البيانات المالية الموحدة بشكل عادل، من كافة النواحي المادية، المركز المالي الموحد ونتائج العمليات الموحدة والتدفقات النقدية الموحدة للمجموعة كما في والسنة المنتهية في 31 ديسمبر 2022.

تم اعتماد هذه البيانات المالية الموحدة للمجموعة للسنة المنتهية في 31 ديسمبر 2022، وتم التصريح بإصدارها من قبل مجلس الإدارة بتاريخ 2023/03/21 وتم التوقيع عليها بالإتابة عنه من قبل:

  
محمد حافظ  
الرئيس المالي التنفيذي

  
راشد درويش أحمد سيف الكتيبي  
نائب رئيس مجلس الإدارة

  
أحمد علي خلفان الظاهري  
رئيس مجلس الإدارة

تشكل الإيضاحات من 1 إلى 30 جزءاً لا يتجزأ من هذه البيانات المالية الموحدة.

إن تقرير مدققي الحسابات المستقلين مدرج على الصفحات من 2 إلى 5.

## Hily Holding PJSC (formerly known as Foodco 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 Owners of the Company AED	Non- controlling interests ("NCI") AED	Total AED
At 1 January 2021	120,000,000	60,000,000	60,000,000	(114,529,085)	269,518,444	394,989,359	3,481,541	398,470,900
<b>Total comprehensive income for the year</b>								
Profit for the year	-	-	-	-	116,378,013	116,378,013	(436,013)	115,942,000
Other comprehensive loss	-	-	-	(5,498,656)	-	(5,498,656)	-	(5,498,656)
<b>Total comprehensive income for the period</b>	-	-	-	(5,498,656)	116,378,013	110,879,357	(436,013)	110,443,344
Transfer to retained earnings	-	-	-	81,941,906	(81,941,906)	-	-	-
<b>Changes in ownership interests</b>								
Disposal of NCI without a change in control	-	-	-	-	1,835,787	1,835,787	2,542,320	4,378,107
<b>At 31 December 2021</b>	<b>120,000,000</b>	<b>60,000,000</b>	<b>60,000,000</b>	<b>(38,085,835)</b>	<b>305,790,338</b>	<b>507,704,503</b>	<b>5,587,848</b>	<b>513,292,351</b>
At 1 January 2022	120,000,000	60,000,000	60,000,000	(38,085,835)	305,790,338	507,704,503	5,587,848	513,292,351
<b>Total comprehensive income for the year</b>								
Profit for the year	-	-	-	-	77,329,961	77,329,961	(414,515)	76,915,446
Other comprehensive income	-	-	-	2,529,962	-	2,529,962	-	2,529,962
<b>Total comprehensive income for the period</b>	-	-	-	2,529,962	77,329,961	79,859,923	(414,515)	79,445,408
Transfer to retained earnings	-	-	-	(30,251)	30,251	-	-	-
<b>Changes in ownership interests</b>								
Disposal of NCI without a change in control	-	-	-	-	(25,510)	(25,510)	14,174	(11,336)
<b>At 31 December 2022</b>	<b>120,000,000</b>	<b>60,000,000</b>	<b>60,000,000</b>	<b>(35,586,124)</b>	<b>383,125,040</b>	<b>587,538,916</b>	<b>5,187,507</b>	<b>592,726,423</b>

The attached notes 1 to 30 form part of these consolidated financial statements.



# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

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

	Note	2022 AED	2021 AED
<b>Cash flows from operating activities</b>			
Profit for the year		76,915,446	115,942,000
Adjustments for:			
Depreciation on property and equipment	7	3,909,692	4,158,240
Amortisation of intangible assets	8	757,759	709,127
Depreciation on right-of-use assets	9	843,430	843,438
Gain on disposal of property and equipment		(23,532)	-
Gain on sale of investments carried at FVTPL	4(c)	(65,926,230)	(41,851,060)
Net changes in fair value of investments carried at FVTPL	4(c)	12,273,790	(4,999,622)
Provision for employees' end of service benefits	20	757,222	554,353
Dividend income	4(c)	(8,567,639)	(4,664,088)
Provision for expected credit losses on trade and other receivables, net	14	789,500	284,475
Provision for slow moving inventories	13	1,200,332	300,000
Decrease in fair value of investment properties	10	2,520,723	16,778,013
Finance costs		18,704,676	15,752,445
Gain on derecognition of right-of-use assets and lease liability		-	(2,538,880)
Loss on disposal of investment properties under development		-	584,000
Loss on impairment of other asset		-	5,949,510
Share of results of associate	12	(34,631,805)	(108,395,276)
Interest income on investment at amortized cost	11	(490,413)	-
		<b>9,032,951</b>	<b>(593,325)</b>
Changes in:			
Inventories		10,472,576	12,458,894
Trade and other receivables and prepayment		(2,099,321)	16,780,543
Term deposit		(7,500,000)	-
Amounts due from related parties		(1,722,650)	58,797
Amounts due to related parties		(128,251)	(1,790,255)
Trade and other payables		895,358	8,976,510
		<b>8,950,663</b>	<b>35,891,164</b>
Dividends received		8,567,639	4,664,088
Dividends received from associate	12	12,219,820	9,711,157
Interest received from investment at amortized cost	11	294,280	-
Investment in additional shares of an existing associates	12	(13,496,302)	-
Employees' end of service benefits paid	20	(525,666)	(835,895)
Purchase of investment in securities	11	(205,682,315)	(80,206,925)
Purchase of investment at amortized cost	11	(8,115,866)	-
Proceeds from disposal of investments		335,435,919	131,198,547
<b>Net cash flows generated from operating activities</b>		<b>137,648,172</b>	<b>100,422,136</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	7	(6,204,361)	(898,411)
Purchase of intangible assets	8	(429,202)	-
Proceeds from disposal of property and equipment		23,572	-
Additions to investment properties under development		-	(75,913)
Improvements made on an investment property	10	(1,718,748)	-
Proceeds from disposal of investment properties under development		-	4,934,050
<b>Net cash flows (used in) / generated from investing activities</b>		<b>(8,328,739)</b>	<b>3,959,726</b>
<b>Cash flows from financing activities</b>			
Proceeds from bank borrowings		99,812,646	148,211,715
Repayment of bank borrowings		(107,934,803)	(110,887,615)
Net proceeds from changes in NCI		(11,336)	4,378,107
Payment of lease liabilities	21	(1,169,914)	(1,169,914)
Finance costs paid	22	(18,222,033)	(15,582,963)
<b>Net cash flows (used in) / generated from financing activities</b>		<b>(27,525,440)</b>	<b>24,949,330</b>
<b>Net increase in cash and cash equivalents</b>		<b>101,793,993</b>	<b>129,331,192</b>
Cash and cash equivalents at 1 January		(66,283,006)	(195,614,198)
<b>Cash and cash equivalents at 31 December</b>	15	<b>35,510,987</b>	<b>(66,283,006)</b>

The attached notes 1 to 30 form part of these consolidated financial statements.  
The independent auditors' report is set out on pages 2 to 5.

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 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 consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors on \_\_\_\_\_.

### 2 Basis of preparation

#### (a) Statement of compliance

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

On 20 September 2021, the UAE Federal Decree Law No. 32 of 2021 was issued and came into effect on 2 January 2022 which repealed the UAE Federal Law No. 2 of 2015 (as amended). The Group is in compliance with applicable provisions of the UAE Federal Decree Law No. 32 of 2021.

#### (b) 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

#### (c) 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 Group.

#### (d) Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRSs 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.

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 30.

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 2 Basis of preparation (continued)

#### (e) Basis of consolidation

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 2022. 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:

- 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.

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 2 Basis of preparation (continued)

#### (e) Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the 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
		2022	2021	
<b>Subsidiaries directly under the Company</b>				
National Oasis Foodstuff Company LLC	UAE	100%	100%	Packing of foodstuff
FOODCO National Foodstuff PJSC	UAE	97.78%**	97.79%*	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
NURANA Properties WLL	Bahrain	100%	100%	Investing, development and management of real estate and commercial enterprises

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 2 Basis of preparation (continued)

#### (e) Basis of consolidation (continued)

##### Subsidiary of FOODCO National Foodstuff PJSC

##### Percentage of ownership

Name of subsidiary	Country of Incorporation	2022	2021	
Abu Dhabi National Foodstuff Co LLC	UAE	100%	100%	Wholesale and distribution of foodstuff
5PL Logistics LLC	UAE	100%	100%	Shipment, clearance and warehousing services

\* Included in the 97.78% shareholding of the Group in FOODCO National Foodstuff PJSC, 1.25% shares which amount to 3,500,000 shares that were held under “Liquidity Provision Agreement” in reference to “ADX Liquidity Provider Regulations” by a third-party licensed Market Maker. This agreement has come to an end and the shares have since reverted to the Group.

\*\* Shares in FOODCO National Foodstuff PJSC with a quantity of 40,350,000 (31 December 2021: nil) shares are pledged with commercial banks for securing overdraft facility. (Note 22)

### 3 Significant 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 recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 3 Significant accounting policies (continued)

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

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Freight forwarding and storage	Invoices for freight forwarding and storage are issued on a monthly basis and are usually payable within 30 days.	Revenue arising from freight forwarding and 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.

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.

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 3 Significant accounting policies (continued)

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

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 right to use the underlying assets.

##### 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 significant 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

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 3 Significant accounting policies (continued)

#### (b) Leases (continued)

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

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.

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.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

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'.



# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 3 Significant accounting policies (continued)

#### (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.

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.

Land is not depreciated. 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.

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 3 Significant accounting policies (continued)

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

##### **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. All other borrowing costs are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

#### (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 an in-house valuation model.

##### *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.

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 3 Significant accounting policies (continued)

#### (d) Investment properties (continued)

##### **Investment properties under development**

Investment properties under development that are being constructed or developed for future use as investment properties are measured initially at cost including all direct costs attributable to the design and construction of the properties including related staff direct costs. Subsequent to initial recognition, investment properties under development are measured at fair value. Gains and losses arising from changes in the fair value of investment properties under development are included in the consolidated statement of comprehensive income in the period in which they arise. Upon completion of construction or development, such properties are transferred to completed investment properties.

#### (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.

#### (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.

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 3 Significant accounting policies (continued)

#### (f) Impairment of non-financial assets (continued)

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.

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.

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 3 Significant accounting policies (continued)

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

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

Financial assets (continued)

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.

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.

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 3 Significant accounting policies (continued)

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

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

##### **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**

**Financial assets at FVTPL** These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

**Financial assets at amortised cost** 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.

**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.

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 3 Significant accounting policies (continued)

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

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

##### **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.

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.

#### (iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 3 Significant accounting policies (continued)

#### (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 (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 3 Significant 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 (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 3 Significant 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.

#### (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.

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 3 Significant accounting policies (continued)

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

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

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

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

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

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

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

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

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

#### (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 (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 3 Significant 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:

Intangible asset 3 years

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.

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 3 Significant accounting policies (continued)

#### (r) Intangible assets (continued)

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

#### (s) New standards or amendments for 2022 and forthcoming requirements

##### New currently effective standards

A number of new standards are effective from 1 January 2022, but they do not have a material effect on the financial statements:

##### New standard or amendments

COVID-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16

Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IFRS 16

Annual Improvements to IFRS Standards 2018–2020

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

Reference to the Conceptual Framework – Amendments to IFRS 3

##### Forthcoming requirements

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 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>
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Definition of Accounting Estimate - Amendments to IAS 8	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	1 January 2023
Classification of Liabilities as Current or Non-current–Amendments to IAS 1	1 January 2023
IFRS 17 Insurance Contracts	1 January 2023
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

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 4 Revenue

#### a) Revenue from contracts with customers

	2022 AED	2021 AED
Sale of goods	40,793,494	33,944,220
Freight forwarding and storage	8,947,470	5,171,241
	<u>49,740,964</u>	<u>39,115,461</u>

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

	2022 AED	2021 AED
<b>Geographical markets</b>		
United Arab Emirates ("UAE")	49,740,964	39,115,461
	<u>49,740,964</u>	<u>39,115,461</u>

	2022 AED	2021 AED
<b>Timing of revenue recognition</b>		
Revenue recognised over time	8,947,470	5,171,241
Revenue recognised at point in time	40,793,494	33,944,220
	<u>49,740,964</u>	<u>39,115,461</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:

	2022 AED	2021 AED
Rental income (note 10)	33,799,752	32,868,695
	<u>33,799,752</u>	<u>32,868,695</u>

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 4 Revenue (continued)

#### c) Net income from investments

	2022 AED	2021 AED
Dividend income	8,567,559	4,664,088
Net realised income from financial instruments at FVTPL	65,926,230	41,851,060
Net unrealised (loss) / income from financial instruments at FVTPL (note 11)	(12,273,790)	4,999,622
Interest income on amortized investments	490,413	-
	<u>62,710,412</u>	<u>51,514,770</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.

The unrealised gain represents 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 Selling and distribution expenses

	2022 AED	2021 AED
Staff costs	10,764,109	9,248,076
Depreciation (note 7)	3,076,965	3,210,197
Promotional expenses	2,424,697	1,494,563
Travelling expenses	1,151,190	683,698
Depreciation on right-of-use assets (note 9)	238,464	238,460
Marketing department expenses	90,081	235,599
Tender expenses	54,218	61,338
Other expenses	3,022,194	2,079,336
	<u>20,821,918</u>	<u>17,251,267</u>

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 6 General and administrative expenses

	2022 AED	2021 AED
Staff costs	7,137,840	9,316,256
Investment consultancy expense	3,844,578	5,916,860
Utilities expenses	2,346,145	2,331,792
Legal and professional fees	1,269,587	2,829,779
Repair and maintenance expenses	1,049,512	2,616,803
Depreciation expenses (note 7)	832,727	948,043
Travelling expenses	552,095	491,175
Amortisation expenses (note 8)	757,759	709,127
Licenses and registration expenses	278,352	114,397
Other expenses	225,593	1,284,499
	<u>18,294,188</u>	<u>26,558,731</u>

The Group has not made any social contributions during the year ended 31 December 2022 (2021: Nil).



# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 7 Property and equipment

	Warehouse buildings	Equipment Furniture and fittings	Motor vehicles	Capital work in progress	Total
	<u>AED</u>	<u>AED</u>	<u>AED</u>	<u>AED</u>	<u>AED</u>
<b>Cost</b>					
At 1 January 2021	76,453,592	29,815,544	8,701,320	496,150	115,466,606
Additions	-	350,764	85,800	461,847	898,411
At 31 December 2021	<u>76,453,592</u>	<u>30,166,308</u>	<u>8,787,120</u>	<u>957,997</u>	<u>116,365,017</u>
At 1 January 2022	76,453,592	30,166,308	8,787,120	957,997	116,365,017
Additions	-	610,874	-	5,593,487	6,204,361
Disposals	-	-	(132,597)	-	(132,597)
At 31 December 2022	<u>76,453,592</u>	<u>30,777,182</u>	<u>8,654,523</u>	<u>6,551,484</u>	<u>122,436,781</u>
<b>Accumulated depreciation</b>					
At 1 January 2021	17,956,524	26,031,177	7,867,179	-	51,854,880
Charge for the year	2,526,643	1,293,178	338,419	-	4,158,240
At 31 December 2021	<u>20,483,167</u>	<u>27,324,355</u>	<u>8,205,598</u>	<u>-</u>	<u>56,013,120</u>
At 1 January 2022	20,483,167	27,324,355	8,205,598	-	56,013,120
Charge for the year	2,521,155	886,922	453,853	47,762	3,909,692
Relating to disposals	-	-	(132,557)	-	(132,557)
At 31 December 2022	<u>23,004,322</u>	<u>28,211,277</u>	<u>8,526,894</u>	<u>47,762</u>	<u>59,790,255</u>
<b>Net carrying amounts</b>					
At 31 December 2022	<u><u>53,449,270</u></u>	<u><u>2,565,905</u></u>	<u><u>127,629</u></u>	<u><u>6,503,722</u></u>	<u><u>62,646,526</u></u>
At 31 December 2021	<u><u>55,970,425</u></u>	<u><u>2,841,953</u></u>	<u><u>581,522</u></u>	<u><u>957,997</u></u>	<u><u>60,351,897</u></u>

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

	2022 AED	2021 AED
Selling and distribution expenses (note 5)	3,076,965	3,210,197
General and administrative expenses (note 6)	832,727	948,043
	<u><u>3,909,692</u></u>	<u><u>4,158,240</u></u>

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 8 Intangible assets

	2022 AED	2021 AED
<b>Cost</b>		
At 1 January	2,376,407	2,376,407
Additions	429,202	-
At 31 December	<u>2,805,609</u>	<u>2,376,407</u>
<b>Accumulated amortisation</b>		
At 1 January	1,588,557	879,430
Charge for the year	757,759	709,127
At 31 December	<u>2,346,316</u>	<u>1,588,557</u>
Net carrying amount:		
At 31 December	<u>459,293</u>	<u>787,850</u>

Intangible assets mainly comprise of software.

### 9 Right-of-use assets

	2022 AED	2021 AED
At 1 January	8,154,987	12,780,173
Addition during the year	-	2,419,873
Lease terminated during the year	-	(6,352,607)
Depreciation expense for the year	(843,430)	(843,438)
Modification of lease	-	150,986
	<u>7,311,557</u>	<u>8,154,987</u>

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

	2022 AED	2021 AED
Direct costs	604,966	604,978
Selling and distribution expenses (note 5)	238,464	238,460
	<u>843,430</u>	<u>843,438</u>

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 10 Investment properties

	2022 AED	2021 AED
Warehouses	16,060,868	16,060,868
Building - commercial and residential	225,149,163	225,951,138
	<u>241,210,031</u>	<u>242,012,006</u>

During the year, the Group has made an addition of AED 1.72 million in respect of cladding work performed related to C-32 building.

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

	2022 AED	2021 AED
At 1 January	242,012,006	258,714,106
Transfer from investment properties under development	-	75,913
Additions during the year	1,718,748	-
Decrease in fair value of investment properties	(2,520,723)	(16,778,013)
	<u>241,210,031</u>	<u>242,012,006</u>

The fair value measurement for all of 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.	- <b><u>Net rent per Square feet:</u></b> 2022: AED 31 to AED 92 2021: AED 30 to AED 80	The estimated fair value would increase (decrease) if:
	- <b><u>Occupancy rate:</u></b> 2022: 95% 2021: 85% to 97%	- expected net rent per square feet was higher (lower);
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>Risk-adjusted discount rate:</u></b> 2022: 9.05% 2021: 9.06% to 9.56%	- the occupancy rates were higher (lower); - the risk-adjusted discount rates were lower (higher).

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 10 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 2022 and 31 December 2021 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 209,601,865 (2021: AED 225,955,109) are pledged against loans and borrowings (note 22) obtained by the Group to finance the construction of the properties.

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

	<b>2022</b>	2021
	<b>AED</b>	AED
Rental income (note 4)	<b>33,799,752</b>	32,868,695
Loss due to change in fair value	<b>2,520,723</b>	16,778,013

Maintenance and other operating expenses related to investments properties amount to AED 976,983 (AED: 2,550,940).

### 11 Investments

	<b>2022</b>	2021
	<b>AED</b>	AED
Investments held at fair value through other comprehensive income ("FVTOCI")	<b>32,642,449</b>	19,738,327
Investments held at fair value through profit and loss ("FVTPL")	<b>187,346,001</b>	273,630,705
Investment at amortized cost	<b>8,311,999</b>	-
	<b>228,300,449</b>	293,369,032

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 11 Investments (continued)

The investments held at FVTOCI comprise:

	<b>2022</b>	2021
	<b>AED</b>	AED
Investments in quoted equity securities inside UAE	<b>29,769,427</b>	14,171,747
Investments in quoted equity securities outside UAE	<b>702,960</b>	3,374,161
Investments in unquoted equity securities inside UAE	<b>1,728,487</b>	1,728,484
Investments in unquoted equity securities outside UAE	<b>441,575</b>	463,935
	<b><u>32,642,449</u></b>	<u>19,738,327</u>

The investments held at FVTPL comprise:

	<b>2022</b>	2021
	<b>AED</b>	AED
Investments in quoted equity securities inside UAE	<b>181,834,107</b>	266,494,366
Investments in quoted equity securities outside UAE	<b>1,543</b>	1,858,707
Quoted commodities	<b>5,510,351</b>	4,856,627
Investments in mutual funds outside UAE	<b>-</b>	421,005
	<b><u>187,346,001</u></b>	<u>273,630,705</u>

Investment at amortized cost

	<b>2022</b>	2021
	<b>AED</b>	AED
At 1 January	<b>-</b>	-
Purchase of financial assets	<b>8,115,866</b>	-
Interest income for the period	<b>490,413</b>	-
Interest received	<b>(294,280)</b>	-
	<b><u>8,311,999</u></b>	<u>-</u>

This investment consists of Turkish Sukuks with a coupon rate of 7.25% per annum. 22,090 units were purchased during the period, with an issue price of 100 USD per unit. These Sukuks are currently in the name of the Chairman and assigned to the Company through a letter of assignment signed by the Chairman.

Investment with carrying value of AED 1.25 million is held by the Chairman beneficially on behalf of the Group.

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 11 Investments (continued)

The movement in financial assets was as follows:

	<b>FVTPL</b>	<b>FVOCI</b>	<b>FVTPL</b>	<b>FVOCI</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>AED</b>	<b>AED</b>	<b>AED</b>	<b>AED</b>
At 1 January	<b>273,630,705</b>	<b>19,738,327</b>	334,186,853	163,068,927
Purchase of financial assets	<b>194,292,620</b>	<b>11,389,695</b>	74,337,971	5,868,954
Disposal of financial assets	<b>(268,303,534)</b>	<b>(1,206,155)</b>	(78,743,497)	(10,603,990)
	<b>199,619,791</b>	<b>29,921,867</b>	329,781,327	158,333,891
Change in fair value	<b>(12,273,790)</b>	<b>2,720,582</b>	4,999,622	(5,473,566)
Transfer to equity accounted investment	-	-	(61,150,244)	(133,121,998)
At 31 December	<b>187,346,001</b>	<b>32,642,449</b>	273,630,705	19,738,327

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:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>AED</b>	<b>AED</b>	<b>AED</b>	<b>AED</b>
<b>31 December 2022</b>				
<b>Investments held at FVTPL</b>	<b>187,346,001</b>	-	-	<b>187,346,001</b>
<b>Investments held at FVTOCI:</b>				
Quoted shares	30,472,387	-	-	30,472,387
Unquoted shares	-	-	2,170,062	2,170,062
	<b>30,472,387</b>	-	<b>2,170,062</b>	<b>32,642,449</b>
<b>Total</b>	<b>217,818,388</b>	-	<b>2,170,062</b>	<b>219,988,450</b>
				-
<b>31 December 2021</b>				
<b>Investments held at FVTPL</b>	<b>273,630,705</b>	-	-	<b>273,630,705</b>
<b>Investments held at FVTOCI:</b>				
Quoted shares	17,545,908	-	-	17,545,908
Unquoted shares	-	-	2,192,419	2,192,419
	<b>17,545,908</b>	-	<b>2,192,419</b>	<b>19,738,327</b>
<b>Total</b>	<b>291,176,613</b>	-	<b>2,192,419</b>	<b>293,369,032</b>

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 12 Equity-accounted investee

Name	Domiciled	% of equity held		Principal activities
		2022	2021	
Al Waha Capital PJSC	UAE	9.3570%	8.8034%	Investment in a wide range of sectors including financial services, capital markets, industrial real estates, infrastructure, healthcare, fintech and oil and gas.

At 1 January 2021, the Group received confirmation from two shareholders (related parties – refer note 24) of Al Waha Capital PJSC (“investee”) who own 8.6% and 4% in Al Waha Capital PJSC, respectively, stating that they have assigned their voting rights in favour of the Group and will represent the Group's interest in the Board of the investee. This assignment resulted in the Group having meaningful representation in the Board of Directors of the investee. Accordingly, the investee is considered as an associate from 1 January 2021 effective 1 January 2021 with its shareholding of 8.8034% as at that date.

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

	2021 AED	2020 AED
Opening balance	292,931,271	-
Transferred from investment held at FVTOCI (note 11)	-	133,121,998
Transferred from investment held at FVTPL (note 11)	-	61,150,244
Purchase	13,496,302	-
Share of profit	31,592,812	34,424,776
Gain on recognition	3,038,993	73,970,500
Dividends	(12,219,820)	(9,711,157)
Share of change in other reserves	(190,620)	(25,090)
	<u>328,648,938</u>	<u>292,931,271</u>

Investment in associate securities with a quantity of 67,078,706 (31 December 2021: 65,474,579) shares are pledged with commercial banks for securing term loans (note 22).

The quoted share price of the associate as at 31 December 2022 is AED 1.36 (31 December 2021: AED 1.71). Management performed an impairment assessment on the carrying value of its investment in Associate. The recoverable value of the associate was determined using fair value less cost of sell approach. The fair value was determined using various inputs including quoted price and other adjustments reflective of the nature of the investment.

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 12 Investment in associate (continued)

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

	<b>31 December 2022</b>	31 December 2021
	<b>AED</b>	AED
<b>Statement of financial position</b>		
Non-current assets	<b>530,226,000</b>	1,147,184,000
Current assets	<b>8,967,215,000</b>	8,442,382,000
Non-current liabilities	<b>(179,040,000)</b>	(284,657,000)
Current liabilities	<b>(3,989,455,000)</b>	(4,513,519,000)
Net assets (100%)	<b>5,328,946,000</b>	4,791,390,000
Total equity	<b>5,328,946,000</b>	4,791,390,000
Less: Non-controlling interests	<b>(1,827,823,000)</b>	(1,479,541,000)
Equity attributable to the Owners of the Company	<b>3,501,123,000</b>	3,311,849,000
<u>Adjustments:</u>		
<b>Less:</b> Elimination of existing goodwill from associate's total assets	<b>(24,285,386)</b>	(56,930,266)
<b>Add:</b> Excess of fair value over carrying value of equity accounted investee from associate's total assets	<b>35,512,899</b>	72,546,885
	<b>3,512,350,513</b>	3,327,465,619
% of equity held by the Group	<b>9.3570%</b>	8.8034%
Group's share of associate's net assets attributable to Owners	<b>328,648,938</b>	292,931,271
	<b>Year ended 31</b>	Year ended 31
	<b>December 2022</b>	December 2021
<b>Statement of profit or loss</b>		
Revenue from continued and discontinued operations	<b>204,377,000</b>	301,940,000
Profit for the year	<b>448,787,000</b>	609,655,000
Profit for the year attributable to:		
Owners of the Company	<b>344,372,000</b>	391,038,000
Non-controlling interests	<b>104,415,000</b>	218,617,000
<b>Group's share of profit for the year (attributable to owners)</b>	<b>31,592,812</b>	34,424,776
Other comprehensive loss for the year	<b>(2,034,000)</b>	(285,000)
<b>Group's share of other comprehensive loss for the year (attributable to owners)</b>	<b>(190,620)</b>	(25,090)



# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 13 Inventories

	2022 AED	2021 AED
Goods for resale	14,427,437	25,472,222
Consumables	2,115,959	2,002,570
	<u>16,543,396</u>	<u>27,474,792</u>
Less: allowance for slow moving inventories	(1,789,094)	(1,047,582)
	<u>14,754,302</u>	<u>26,427,210</u>

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

	2022 AED	2021 AED
At 1 January	1,047,582	1,324,864
Charge for the year	1,200,332	300,000
Written off during the year	(458,820)	(577,282)
	<u>1,789,094</u>	<u>1,047,582</u>

During the year, cost of inventories recognised as expense amounted to AED 36,418,958 (2021: AED 33,024,462) and is included in "Direct cost".

### 14 Trade and other receivables

	2022 AED	2021 AED
Trade receivables	35,375,223	33,206,727
Less: allowance for expected credit losses on trade receivables	(25,639,750)	(24,888,943)
	<u>9,735,473</u>	<u>8,317,784</u>
Advances to suppliers	3,266,341	3,266,341
Dividend receivable	94,288	-
Other receivables	2,244,202	2,232,495
Less: impairment losses on advance to suppliers	(3,025,307)	(3,025,307)
	<u>12,314,997</u>	<u>10,791,313</u>

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 14 Trade and other receivables (continued)

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

	<b>2022</b>	2021
	<b>AED</b>	AED
At 1 January	<b>24,888,943</b>	24,604,468
Charge for the year	<b>789,500</b>	284,475
Written off during the year	<b>(38,693)</b>	-
	<hr/>	<hr/>
At 31 December	<b>25,639,750</b>	24,888,943
	<hr/> <hr/>	<hr/> <hr/>

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

	Total AED	Current AED	Past due				
			30 days AED	31 - 60 days AED	61 - 90 Days AED	91 - 180 Days AED	>180 Days AED
<b>31 December 2022</b>							
Expected credit losses rate		0%	0%	0%	33%	64%	99%
Estimated total gross carrying amount at default	35,375,223	4,351,924	2,290,090	1,826,148	849,133	798,988	25,258,940
Expected credit loss	<b>(25,639,750)</b>	-	-	-	<b>(284,406)</b>	<b>(513,975)</b>	<b>(24,841,369)</b>
	<hr/> <b>9,735,473</b>	<hr/> <b>4,351,924</b>	<hr/> <b>2,290,090</b>	<hr/> <b>1,826,148</b>	<hr/> <b>564,727</b>	<hr/> <b>285,013</b>	<hr/> <b>417,571</b>
<b>31 December 2021</b>							
Expected credit losses rate		3%	8%	7%	16%	11%	99%
Estimated total gross carrying amount at default	33,206,727	3,078,054	1,790,835	2,168,151	455,086	1,175,268	24,539,333
Expected credit loss	<b>(24,888,943)</b>	<b>(90,558)</b>	<b>(146,297)</b>	<b>(154,271)</b>	<b>(74,251)</b>	<b>(133,950)</b>	<b>(24,289,616)</b>
	<hr/> <b>8,317,784</b>	<hr/> <b>2,987,496</b>	<hr/> <b>1,644,538</b>	<hr/> <b>2,013,880</b>	<hr/> <b>380,835</b>	<hr/> <b>1,041,318</b>	<hr/> <b>249,717</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 15 Cash and cash equivalents

	2022 AED	2021 AED
Cash in hand	61,904	70,370
Cash at banks – current accounts	2,742,223	19,946,768
1-month deposit (cash equivalent)	35,000,000	-
Term deposit*	7,500,000	-
	<hr/>	<hr/>
Bank balances and cash	45,304,127	20,017,138
Less: bank overdrafts (note 22)	(2,293,140)	(86,300,144)
Less: term deposit	(7,500,000)	-
	<hr/>	<hr/>
Cash and cash equivalents	35,510,987	(66,283,006)
	<hr/> <hr/>	<hr/> <hr/>

\*The term deposit was opened in November 2022 with a local bank and matures in November 2023. The deposit yields an interest of 4.6% per annum.

### 16 Share capital

	2022 AED	2021 AED
<b>Authorised, allotted, issued and fully paid</b>		
120 million shares of AED 1 each	120,000,000	120,000,000
	<hr/> <hr/>	<hr/> <hr/>

### 17 Legal reserve

In accordance with UAE Federal Law No. 32 of 2021 the Company is required to transfer 10% 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.

### 18 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.

### 19 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).

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 20 Provision for employees end of service benefits

	2022 AED	2021 AED
At 1 January	3,714,125	3,995,667
Charge for the year	757,222	554,353
Payments during the year	(525,666)	(835,895)
	<u>3,945,681</u>	<u>3,714,125</u>

### 21 Lease liabilities

	2022 AED	2021 AED
As at 1 January	8,350,018	15,318,083
Lease terminated during the year	-	(8,362,093)
Addition	-	2,419,873
Interest expense	482,643	522,477
Payment during the year	(1,169,914)	(1,169,914)
Modification of lease	-	(378,408)
	<u>7,662,747</u>	<u>8,350,018</u>

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

	2022 AED	2021 AED
Current liabilities	638,459	687,273
Non-current liabilities	7,024,288	7,662,745
	<u>7,662,747</u>	<u>8,350,018</u>

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

	2022 AED	2021 AED
Depreciation expense of right-of-use assets (note 9)	843,430	843,438
Interest expense on lease liabilities	482,643	522,477
	<u>1,326,073</u>	<u>1,365,915</u>

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 22 Loans and borrowings

	2022 AED	2021 AED
Bank borrowings	255,009,766	263,080,632
Trust receipts	4,283,534	4,334,825
Bank overdrafts* (note 15)	2,293,140	86,300,144
	<u>261,586,440</u>	<u>353,715,601</u>

\*The bank overdrafts are repayable on demand and are secured against certain investments.

The movement in loans and borrowings are as follows:

	2022 AED	2021 AED
At 1 January	354,472,992	433,689,789
Additions during the year	1,023,385,329	234,511,859
Repayments during the year	(1,115,514,490)	(311,795,056)
Finance costs accrued	15,349,184	13,649,363
Finance costs repaid	(16,106,575)	(15,582,963)
Balance at 31 December	<u>261,586,440</u>	<u>354,472,992</u>

The break-up of the above-mentioned loans and borrowings is provided below:

	2022 AED	2021 AED
Loan and borrowings	261,586,440	353,715,601
Accrued interest (included in trade and other payables)	-	757,391
Balance at 31 December	<u>261,586,440</u>	<u>354,472,992</u>

Changes in liabilities arising from financing activities:

	At 1 January AED	Cash inflows AED	Cash outflows AED	31 December AED
<b>2022</b>				
Term loans	263,080,632	88,204,822	(96,275,688)	255,009,766
Trust receipts	4,334,825	11,607,824	(11,659,115)	4,283,534
	<u>267,415,457</u>	<u>99,812,646</u>	<u>(107,934,803)</u>	<u>259,293,300</u>
<b>2021</b>				
Term loans	210,978,217	143,876,890	(91,774,475)	263,080,632
Trust receipts	19,113,140	4,334,825	(19,113,140)	4,334,825
	<u>230,091,357</u>	<u>148,211,715</u>	<u>(110,887,615)</u>	<u>267,415,457</u>

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 22 Loans and borrowings (continued)

Bank overdrafts, trust receipts and secured bank borrowings are repayable as follows:

	<b>2022</b>	2021
	<b>AED</b>	AED
Current portion	<b>40,050,867</b>	199,770,454
Non-current portion	<b>221,535,573</b>	153,945,147
	<b><u>261,586,440</u></b>	<b><u>353,715,601</u></b>

Terms and conditions of bank borrowings are as follows:

Loan	Year of maturity	Face value AED	31 December 2022	31 December 2021
			Carrying amount AED	Carrying amount AED
Term loan 1 – Secured	<b>2023</b>	21,000,000	<b>1,500,000</b>	7,500,000
Term loan 2 – Secured	<b>2024</b>	44,650,000	-	23,500,000
Term loan 3 - Secured	<b>2027</b>	27,537,000	-	17,761,615
Term loan 4 - Secured	<b>2024</b>	10,000,000	<b>4,500,000</b>	6,000,000
Term loan 5 - Unsecured	<b>2020</b>	75,000,000	<b>42,000,000</b>	69,000,000
Term loan 6 – Unsecured	<b>2021</b>	25,697,000	<b>3,624,567</b>	4,492,807
Term loan 7 – Unsecured	<b>2022</b>	7,944,089	-	1,059,213
Term loan 8 – Unsecured	<b>2023</b>	3,742,484	<b>108,000,000</b>	120,000,000
Term loan 9 – Secured	<b>2024</b>	10,024,512	<b>7,412,944</b>	10,024,513
Term loan 10 – Secured	<b>2031</b>	120,000,000	<b>1,247,495</b>	3,742,484
Term loan 11 – Secured	<b>2025</b>	4,098,512	<b>4,146,635</b>	-
Term loan 12 – Secured	<b>2031</b>	45,500,000	<b>44,078,125</b>	-
Term loan 13 – Secured	<b>2030</b>	38,500,000	<b>38,500,000</b>	-
<b>Total</b>		<b><u>433,693,597</u></b>	<b><u>255,009,766</u></b>	<b><u>263,080,632</u></b>

#### Term loan 1

Revolving loan obtained in 2018 for AED 21,000 thousand from a local bank, repayable in quarterly equal installments. Loan availed at market prevailing interest rate with an applicable margin.

#### Term loan 2

Loan obtained in 2019 for AED 44,650 thousand from a local bank, repayable in quarterly installments. Loan availed at market prevailing interest rate with an applicable margin. Fully settled in 2022.

#### Term loan 3

Loan obtained in 2019 for AED 27,537 thousand from a local bank, repayable in quarterly equal installments. Loan availed at market prevailing interest rate with an applicable margin. Fully settled in 2022.

#### Term loan 4

Loan obtained in late 2019 for AED 10,000 thousand from a local bank, repayable in quarterly equal installments. Loan availed at market prevailing interest rate with an applicable margin.

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 22 Loans and borrowings (continued)

#### Term loan 5

Revolving loan obtained in June 2014 for AED 75,000 thousand from a local bank, repayable on different tenor maturity. Loan availed at market prevailing interest rate with an applicable margin.

#### Term loan 6

Revolving loan obtained in 2019 for USD 7,000 thousand from an international bank, repayable on different tenor installment and fully settled in 2021. Loan availed at market prevailing interest rate with an applicable margin.

#### Term loan 7

Loan obtained in 2020 for AED 9,000 thousand repayable in equal monthly instalments. Loan availed at market prevailing interest rate with an applicable margin and fully settled in 2022.

#### Term loan 8

Loan obtained in June 2021 for AED 4,989 thousand from a local bank. Loan is repayable in equal quarterly installments. Loan availed at market prevailing interest rate with an applicable margin spread.

#### Term loan 9

Loan obtained in June 2021 for AED 11,500 thousand from a local bank and repayable in quarterly equal installments. The loan availed at market prevailing interest rate with an applicable margin spread.

#### Term loan 10

Loan obtained in August 2021 for AED 120,000 thousand from a local bank. Loan is repayable in quarterly equal installments. Loan availed at market prevailing interest rate with an applicable margin spread.

#### Term loan 11

Loan obtained in February 2022 for AED 4,098,912 from a local bank. Loan is repayable in semiannual installments. Loan availed at market prevailing interest rate with an applicable margin rate.

#### Term loan 12

Loan obtained in September 2022 for AED 45,500 thousand from a local bank. Loan is repayable in quarterly equal installments. Loan availed at market prevailing interest rate with an applicable margin spread.

#### Term loan 13

Loan obtained in December 2022 for AED 38,500 thousand from a local bank. Loan is repayable in quarterly equal instalments. Loan availed at market prevailing interest rate with an applicable margin spread.

The above loans have been availed to support the Group's working capital requirements and projects and are partially secured by property and securities.

The Group's unutilized credit facilities as at 31 December 2022 amounted to AED 177,263,337 (2021: AED 98,293,107). The unutilized limits are mainly for overdrafts and trust receipts facilities which are utilized as per business requirements.

Certain restrictive financial covenants are in mandated by some of the lenders. The Group is in compliance with these covenants as of 31 December 2022.

Also, refer to interest rate disclosure (note 28).

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 23 Trade and other payables

	2022 AED	2021 AED
Trade payables (note 23.1)	48,642,720	37,988,755
Accruals (note 23.2)	19,237,143	24,396,180
Advances from customers	5,761,149	4,788,911
Retention payable (note 23.3)	257,813	4,726,621
Other payables	5,159,467	6,262,467
	<u>79,058,292</u>	<u>78,162,934</u>

23.1 Included in accruals, is an amount payable of AED 5,571,511 (2021: AED 5,916,860) to an investment consultancy Company which is a related party of the Group. Investment consultancy expense amounted to AED 5,571,511 (2021: AED 5,916,860).

23.2 Included in retention payable, is an amount payable of AED nil (2021: AED 4,726,621) to a contractor, who is a related party, for the construction of C-3 and C-10 buildings. There were no transactions during the year.

### 24 Related parties transactions and balances

Related parties comprise the Shareholders, directors and key management of the Group and entities in which they have the ability to control and exercise significant influence in financial and operating decisions. Pricing policies and terms of these transactions are approved by the Group's management.

	2022 AED	2021 AED
Amounts due from related parties		
Directors	1,927,004	1,163,922
Shareholders	1,039,629	80,061
	<u>2,966,633</u>	<u>1,243,983</u>
Amounts due to related parties		
Directors	507,327	1,371
Shareholders	23,386	657,593
	<u>530,713</u>	<u>658,964</u>



# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

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

The Group's balances with related parties for providing construction services, broker margin account facility and investment consultants are included in the consolidated statement of financial position are as follows:

	<b>2022</b>	2021
	<b>AED</b>	AED
Trade and other payables (note 23)		
Included in retention payable (Shareholder)	-	4,726,621
Included in trade payables (Common directorship)	-	11,133,850
Included in accruals (Common directorship)	<b>5,571,511</b>	5,916,860
	<b>5,571,511</b>	21,777,331

Transactions with related parties are carried at agreed rates and are to be settled on demand. The transactions are disclosed below: (also refer note 23)

	<b>2022</b>	2021
	<b>AED</b>	AED
Sales (Shareholders and Directors)	<b>4,389,120</b>	1,284,480
Purchases (Shareholders and Directors)	<b>4,891,558</b>	180,347

### Key management personnel compensation

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

	<b>2022</b>	2021
	<b>AED</b>	AED
Management compensation	<b>209,908</b>	200,290
Short term benefits	<b>2,806,485</b>	2,355,065
Employees' end of service benefits	<b>629,027</b>	537,425
Total	<b>3,645,420</b>	3,092,780

At 1 January 2021, the Group received confirmation from two shareholders of Al Waha Capital PJSC ("investee"), where one is a significant shareholder and the other is the Chairman of the Group's board, stating that they have assigned their voting rights in favour of the Group and will represent the Group's interest in the Board of the investee.

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 25 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:

	<b>2022</b>	2021
Profit for the year, year, attributable to the owners of the Company (AED)	<b>77,329,961</b>	116,378,013
Weighted-average number of ordinary shares issued	<b>120,000,000</b>	120,000,000
Basic and diluted earnings per share (AED)	<b>0.64</b>	0.97

### 26 Contingencies and capital commitments

#### Contingent liabilities

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

	<b>2022</b> <b>AED</b>	2021 AED
Bank guarantees	<b>2,193,239</b>	2,651,503
Letter of Credit	-	300,287

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>2022</b> <b>AED</b>	2021 AED
Warehouse expansion	<b>71,015,000</b>	-

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 April 2024.

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 27 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) Marine, air and land shipment services along with management and operation of store and warehouses ("Freight forwarding and storage"); and
- iv) Wholesale and distribution of food products ("Trading").

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:

	Investment in securities AED	Investment properties AED	Trading AED	Freight forwarding and storage AED	Others AED	Eliminations AED	Consolidated AED
<b>At 31 December 2022</b>							
<b>Assets</b>	<b>1,024,865,943</b>	<b>294,343,889</b>	<b>179,404,041</b>	<b>73,450,922</b>	<b>2,585,666</b>	<b>(629,140,165)</b>	<b>945,510,296</b>
<b>Liabilities</b>	<b>330,518,451</b>	<b>257,725,900</b>	<b>37,002,486</b>	<b>89,274,435</b>	<b>45,094</b>	<b>(361,782,493)</b>	<b>352,783,873</b>
<b>At 31 December 2021</b>							
<b>Assets</b>	<b>1,053,124,167</b>	<b>264,770,561</b>	<b>196,350,584</b>	<b>61,668,413</b>	<b>2,843,142</b>	<b>(620,862,874)</b>	<b>957,893,993</b>
<b>Liabilities</b>	<b>411,049,864</b>	<b>251,533,808</b>	<b>35,704,192</b>	<b>76,989,411</b>	<b>45,094</b>	<b>(330,720,727)</b>	<b>444,601,642</b>

## Hily Holding PJSC (formerly known as Foodco Holding PJSC)

### Notes to the consolidated financial statements

#### 27 Segment information (continued)

##### For the year ended 31 December 2022:

	Investment in securities AED	Investment properties AED	Trading AED	Freight forwarding and storage AED	Others AED	Elimination AED	Consolidated AED
Revenue – external	62,710,412	33,799,752	40,767,194	8,973,770	-	-	146,251,128
Revenue – internal	9,228	1,453,864		7,447,918		(8,911,010)	-
Profit (loss) for the year	71,055,502	24,784,895	(18,244,837)	(502,515)	(257,477)	79,878	76,915,446

##### For the year ended 31 December 2021:

	Investment in securities AED	Investment properties AED	Trading AED	Freight forwarding and storage AED	Others AED	Elimination AED	Consolidated AED
Revenue – external	51,514,770	32,868,695	33,944,220	5,171,241	-	-	123,498,926
Revenue – internal	-	1,407,342	-	6,747,695	-	(8,155,037)	-
Profit (loss) for the year	131,112,060	4,529,655	(15,755,647)	(2,244,845)	(24,000)	(1,675,223)	115,942,000

All the revenue is generated from operations within UAE.

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 28 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 minimise 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:

	Note	Maximum exposure 2022 AED	Maximum exposure 2021 AED
Trade and other receivables	14	12,073,963	10,550,279
Bank balances (excluding cash in hand)	15	45,242,223	19,946,768
Amounts due from related parties	24	2,966,633	1,243,983
Total credit risk exposure		<b>60,282,819</b>	31,741,030

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 28 Financial risk management policies (continued)

#### Credit risk (continued)

##### *Maximum exposure to credit risk* continued

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 2022</b>				
Trade and other payables (excluding advances)	<b>73,297,143</b>	<b>(73,297,143)</b>	<b>(73,297,143)</b>	-
Amounts due to related parties	<b>530,713</b>	<b>(530,713)</b>	<b>(530,713)</b>	-
Lease liabilities	<b>7,662,747</b>	<b>(13,897,067)</b>	<b>(1,169,914)</b>	<b>(12,727,153)</b>
Loans and borrowings	<b>261,586,440</b>	<b>(297,297,519)</b>	<b>(50,094,785)</b>	<b>(247,202,734)</b>
<b>Total</b>	<b>343,077,043</b>	<b>(385,022,442)</b>	<b>(125,092,555)</b>	<b>(259,929,887)</b>
<b>At 31 December 2021</b>				
Trade and other payables (excluding advances)	73,374,023	(73,374,023)	(73,374,023)	-
Amounts due to related parties	658,964	(658,964)	(658,964)	-
Lease liabilities	8,350,018	(15,066,979)	(1,169,914)	(13,897,065)
Loans and borrowings	353,715,601	(365,161,792)	(300,172,035)	(64,989,757)
<b>Total</b>	<b>436,098,606</b>	<b>(454,261,758)</b>	<b>(375,374,936)</b>	<b>(78,886,822)</b>

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.

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 28 Financial risk management policies (continued)

#### 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	Syrian Pound
<b>At 31 December 2022</b>				
Financial assets (at respective currencies)	3,854,982	44,182	38,067	-
Financial assets (AED)	<b>14,163,205</b>	<b>441,823</b>	<b>363,647</b>	-
Effect on profit for the year (AED)	-	<b>44,182</b>	<b>36,365</b>	-
<b>At 31 December 2021</b>				
Financial assets (at respective currencies)	1,529,228	46,394	38,067	2,414,124,599
Financial assets	5,618,383	463,935	363,647	3,529,898
Effect on profit for the year (AED)	-	46,393	36,365	352,990

The increase would have an opposite impact.

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 28 Financial risk management policies (continued)

#### Market risk (continued)

##### *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 2022 and 31 December 2021. The aggregate exposure as of 31 December 2022 amounted to AED 261,586,440 (2021: AED 353,715,601).

	Increase in basis points	Impact on profit or (loss)
<b>31 December 2022</b>	<b>+100</b>	<b>2,615,864</b>
<b>AED</b>	<b>-100</b>	<b>(2,615,864)</b>
31 December 2021		
AED	+100	3,537,156
	-100	(3,537,156)

#### **Interest Rate Benchmark Reform:**

On 27 August 2020 the International Accounting Standards Board (IASB or the Board) published 'Interest Rate Benchmark reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (IBOR reform Phase 2). IBOR reform Phase 2 includes a number of reliefs and additional disclosures. The reliefs apply upon the transition of a financial instrument from an Interbank offered rate ("IBOR") to an alternative risk-free benchmark reference rate ("RFR").

As per the Phase 2 amendments, changes to the basis for determining contractual cash flows as a result of interest rate benchmark reform are required as a practical expedient to be treated as changes to a floating interest rate, provided that, for the financial instrument, the transition from the IBOR benchmark rate to RFR takes place on an economically equivalent basis. This may include the addition of a fixed spread to compensate for a basis difference between the existing IBOR benchmark and alternative RFR, changes to reset period, reset dates or number of days between coupon payment dates that are necessary to effect reform of an IBOR benchmark and the addition of any fallback provision to the contractual terms of a financial instrument that allow any of the above changes to be made. Any other change to contractual terms would be assessed under the Group's accounting policies for financial assets modifications, including an assessment of whether derecognition of the original instrument is required.

The Group has assessed the impact of above standard. Based on the assessment, management noted that all the borrowing 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 primary objective of the Group's capital management is to ensure that the Group maintains healthy capital ratios 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.



# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 28 Financial risk management policies (continued)

#### Capital management (continued)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, borrowings, lease liabilities, trade and other payables, amounts due to related parties, less bank balances and cash.

	Note	2022 AED	2021 AED
Borrowings	22	261,586,440	353,715,601
Lease liabilities	21	7,662,747	8,350,018
Trade and other payables	23	79,058,292	78,162,934
Amounts due to related parties	24	530,713	658,964
Less: bank balances and cash	15	(45,304,127)	(20,017,138)
Net debt		303,534,065	420,870,379
Total capital		592,505,930	513,292,351
Capital and net debt		896,039,995	934,162,730
Gearing ratio		34%	45%

### 29 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.

Breakdown of financial assets are as follows:

	Note	2022 AED	2021 AED
Trade and other receivables	14	12,314,997	10,791,313
Bank balances (excluding cash in hand)	15	45,242,223	19,946,768
Amounts due from related parties	24	2,966,633	1,243,983
Investments held at fair value through other comprehensive income ("FVTOCI")	11	32,642,449	19,738,327
Investments held at fair value through other through profit or loss ("FVTPL")	11	187,346,001	273,630,705
		280,512,303	325,351,096

### 30 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.

# Hily Holding PJSC (formerly known as Foodco Holding PJSC)

## Notes to the consolidated financial statements

### 30 Accounting estimates and judgments (continued)

#### Estimates

##### Useful lives of property and equipment

The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual values and useful lives annually and the future depreciation charge is adjusted where management believes that the useful lives differ from previous estimates. Where management determines that the useful life or residual value of an asset requires amendment, the net book amount in excess of the residual value is depreciated over the revised remaining useful life. (refer to note 7)

##### Valuation of 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 2022 and 2021, management have used their market knowledge and professional judgment and have not only relied solely on historic transactional comparables. (refer to note 10)

##### Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices. (refer to note 13)

##### Provision for expected credit losses for trade and other receivables

The Group uses a provision matrix to calculate ECLs for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by operating segment, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the Group's historical observed default rates. The Group then calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Group has also performed the specific assessment for some customers based on the risk profile to calculate the ECL using the simplified approach. (refer to note 14)

# Corporate Governance Report

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## **Introduction:**

HILY Holding PJSC hereinafter referred to as Hily 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:**

In FY 2022, 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 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- Five 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 has disclosed the changes in the executive senior management as soon as they happened.
- 6- Investor Relations page on the Company's website was updated periodically with the disclosures and information.

## 1. 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 2022.**

Name	Position/ relationship	Shares held as of 31/12/2022	Total Sale Transactions	Total Purchase Transactions
Ahmed Ali Khalfan Al Dhaheri	Chairman	1,671,798	-	-
Rashed Darwish Al Ketbi	Vice Chairman	1,800	-	-
Dr. Mohamed Ali Al Hosani	Board Member	25,596	-	-
Mohamed Saeed Al Qubaisi	Board Member	145,305	-	-
Mohamed Ali Khalfan Al Dhaheri	Board Member	3,600	-	-

## 2. 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 consist 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</b>	<b>The term of membership since the first election: 20 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>Rashed Darwish Ahmed Saif Al Ketbi (Vice Chairman)</b>	<b>Independent</b>	<b>The term of membership since the first election: 8 years</b>
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Mr. Al Ketbi is a Bachelor of Science in Commerce from the University of Indiana (USA 1984) and an MBA from St. Louis University (USA 1986). He is currently President and CEO of RDK Group of Companies, Chairman of Gulf Concrete Molding Company and Shanghai Arab Electromechanical Company, Vice Chairman and Managing Director of Al Wathba National Insurance Company, Vice Chairman of Darwish Bin Ahmed & Sons. He is also a member of the Board of Directors of Waha Capital PJSC.

He worked as CFO and CEO for Darwish Bin Ahmed & Sons Co. (1995-2012), Assistant Undersecretary for Financial Affairs and Administration, Ministry of Health (1991-1995), and Financial and Administrative Director of Saif Bin Darwish (1986-1991). He also was a board member of United Arab Bank PJSC.

<b>Dr. Mohamed Ali Khamis Mohamed Al Hosani</b>	<b>Independent</b>	<b>The term of membership since the first election: 28 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 Saeed Abdullallah Mosalam Al Qubaisi</b>	<b>Independent</b>	<b>The term of membership since the first election: 14 years.</b>
---	--------------------	---

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>Mohamed Ali Khalfan Al Mutawa Al Dhaheri</b>	<b>Non-Executive</b>	<b>The term of membership since the first election: 14 years.</b>
---	----------------------	---

Mr. Mohamed Al Dhaheri is bachelor's in finance from the New York Institute of Abu Dhabi and a Higher Diploma in Finance from the Higher Technical College of Abu Dhabi. He started his career as Customer Relations Manager at Ali & Sons Automotive Company and Director of ABT (Sports Cars). He is currently Board Member and Managing Director of Ali & Sons Group Holding L.L.C.

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

<b>Member's Name</b>	<b>Membership in other Companies (regulatory, governmental, commercial)</b>	<b>Position</b>
Ahmed Bin Ali Al Dhaheri (The Chairman)	Abu Dhabi Aviation Company Al Wathba National Insurance Co. Waha Capital Company. Al Ramz Corporation	Board Member Board Member Vice Chairman Board Member
Rashed Darwish Al Ketbi Vice Chairman	Al Wathba National Insurance Co. Waha Capital Company.	Managing Director & Vice Chairman
Mohamed Ali Al Hossani	Foodco National Foodstuff Co. PSC AlEmarati Group (PSC) Al Salam Bank - Sudan	Chairman Chairman Board Member
Mohamed Saeed Al Qubaisi	Al Wathba National Insurance Co.	Board Member
Mohamed Ali Al Dhaheri	Foodco National Foodstuff Co. PSC	Vice Chairman

#### B) There is no female Representation in the Board of Directors

#### C) No females were nominated for the membership of the Board of Directors.



**D) Directors' Remunerations:**

1. AED1,270,000 was the total paid remuneration to the Board of directors for the year 2021.
2. A board remuneration of AED AED1,270,000 will be proposed to the General Assembly which scheduled to be held in April 2023.
3. 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 2022:

Name	Allowances for attending the BOD Committees		
	Name of Committee	allowances amount	Number of Meetings
Mohamed Ali Al Hosni	Audit Comt + Nom & Rem Comt	60,000	2+5
Mohamed Saeed Al Qubaisi	Audit Comt + Nom & Rem Comt	40,000	2+4
Mohamed Ali Al Dhaheri	Nom & Rem Comt	10,000	2

4. Other remuneration paid to the Board Members  
NA

**E) Board of Directors Meetings held during the financial year ended December 31, 2022:**

SN	Date of Meeting	Number of Attendees	Number of Attendance by Proxy	Names of Absent members
1	February 9	5	-	-
2	March 22	5	-	-
3	May 11	5	-	-
4	August 4	5	-	-
5	November 9	5	-	-

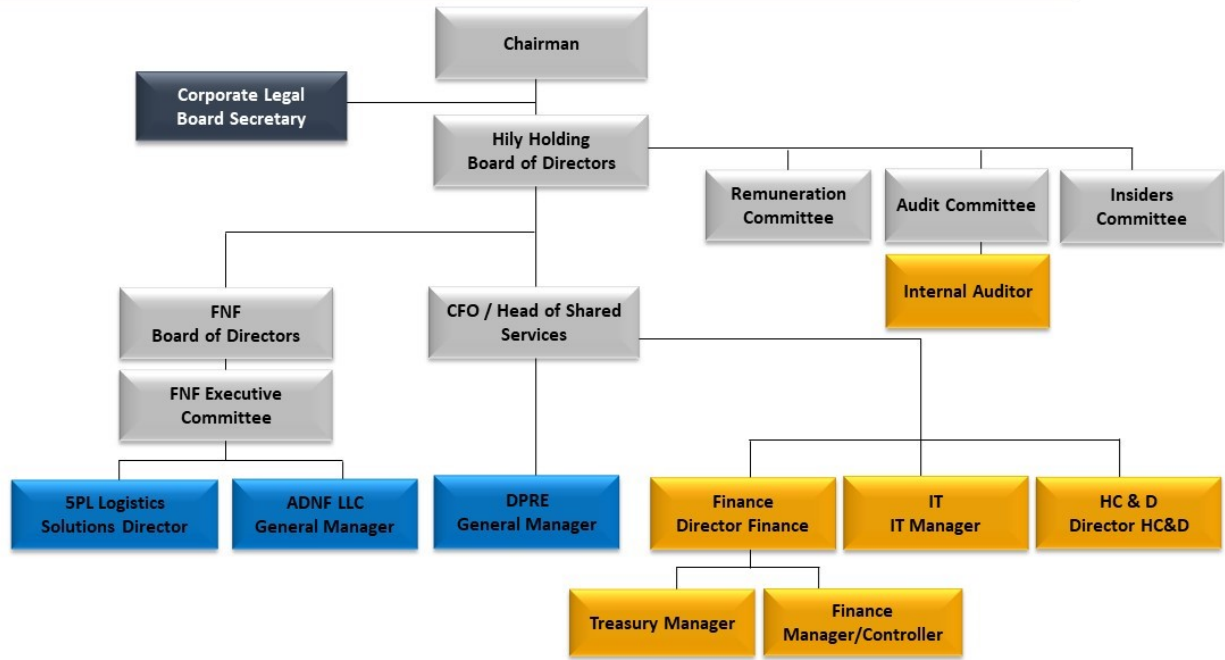
- F) During the year 2022, no Approval By Circulation was issued by the Board.
- G) No Board of Directors' tasks or functions were performed by the Executive Management pursuant to an authorization by the Board of Director to the Management during 2022.

**H) Statement of details of transactions made with related parties (stakeholders) during 2022:**

Related Party	Sales	Purchases	Nature
Director	3,396,688	(4,666,354)	Sales /Facility management/leasing/ Consultancy fees
Shareholder	992,433	(225,205)	Insurance/maintenance expense
	<b>4,389,120</b>	<b>(4,891,558)</b>	

I) Organization Structure

HILY HOLDING PJSC



J) A detailed statement of senior executive staff( 1<sup>st</sup> & 2<sup>nd</sup> row of Organization Structure):

SL	Position	Date of Appointment	Total Salaries and Allowances paid in 2022 (AED)	Total Bonuses paid in 2022 (AED)	Any other cash/in-kind benefits for 2022 paid
1	CHIEF FINANCIAL OFFICER	01/10/2018	789,900	144,000	-
2	DANA PLAZA CEO	01/04/2022	700,000	-	-
3	DANA PLAZA GM	03/10/2022	117,420	-	-
4	FNFS GENERAL MANAGER	01/12/2019	564,000	-	-
5	5PL SOLUTIONS Director in Charge	26/11/2017	315,960	100,000	-
6	FINANCE CONTROLLER	19/11/2018	123,960	19,800	-
7	HUMAN RESOURCE DIRECTOR	06/06/2022	174,250	-	-
8	INFORMATION TECHNOLOGY DIRECTOR	12/02/2002	253,980	23,400	-

\*This report will be updated as soon as any decisions on cash/in-kind benefits for the year 2022 are due in the future.

### 3. 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>	Saif Shower Mohamed Aylouce / partner in-charge	
<b>The number of years served as an auditor for the company</b>	One year.	
<b>Total fees for auditing the financial statement of 2022 (AED)</b>	AED 210,000/-	
<b>The fees and costs of the special services other than auditing of the financial statements in 2022 (AED)</b>	None	
<b>The details and nature of other services provided</b>	None	
<b>Other services performed by an external auditor other than the Companies Auditors in 2022</b>		
	Crowe Mak	AED 6,500
	Grand Thornton	AED 15,000
		In-Country Value Certification -ICV
		VAT Consultations

5. There were no qualified opinions made by the company's external auditor in the interim and annual financial statements for 2022.

#### 4. 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 (Independent)   |
| Mr. Mohamed Saeed Al Qubaisi. | Member (Independent)     |
| Ms. Vibhu Joshi               | Member (External Expert) |
- c. **Duties:**
- a. Develop and apply the policy of appointing the external auditors and report to the Board of Directors identifying important issues that might need actions and recommending the steps to be taken.
  - b. 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.
  - c. 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:
    6. Any changes in accounting policies and practices.
    7. Highlight the areas of the Board of Directors' discretion.
    8. Substantial adjustments resulting from audit.
    9. Assuming continuity of business.
    10. Compliance with the accounting standards determined by the Authority.
    11. 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	Meeting Date	Attendance*			Remarks
		Mohamed Al Hosani	Mohamed AlQubaisi	Vibhu Joshi	
1 <sup>st</sup> Meeting	February 8	*	-	*	In presence of the External Auditor
2 <sup>nd</sup> Meeting	March 22	*	*	*	In presence of the External Auditor
3 <sup>rd</sup> Meeting	May 11	*	*	*	In presence of the External Auditor
4 <sup>th</sup> Meeting	July 27	*	*	*	In presence of the External Auditor
5 <sup>th</sup> Meeting	November 9	*	*	*	

## 5. The Nomination & Remunerations Committee

a. "I, Mohamed Al Qubaissi - 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. Mohamed Saeed Al Qubaissi,	Chairman (independent)
Mr. Mohamed Ali Al Hosani,	Member (independent)
Mr. Mohamed Ali Al Dhaheri.	Member (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 18	*	*	*
2 <sup>nd</sup> Meeting	April 14	*	*	*

## **6. 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 2022:**  
- 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.

## **7. 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 the 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, and the Compliance Officer as well.  
He holds Master's degree holder/Accounting& Finance), with 23 years' experience within Internal Audit positions. He joined the company on 17/1/2023.
- d. The company did not face any major problems during 2022 and in case of any, it shall be dealt in accordance with the requirements of the matters.
- e. The Internal Control Department has submitted three reports to the Board of Director during 2022.

## 8. Violations committed during 2022

No violations committed against the company during 2022.

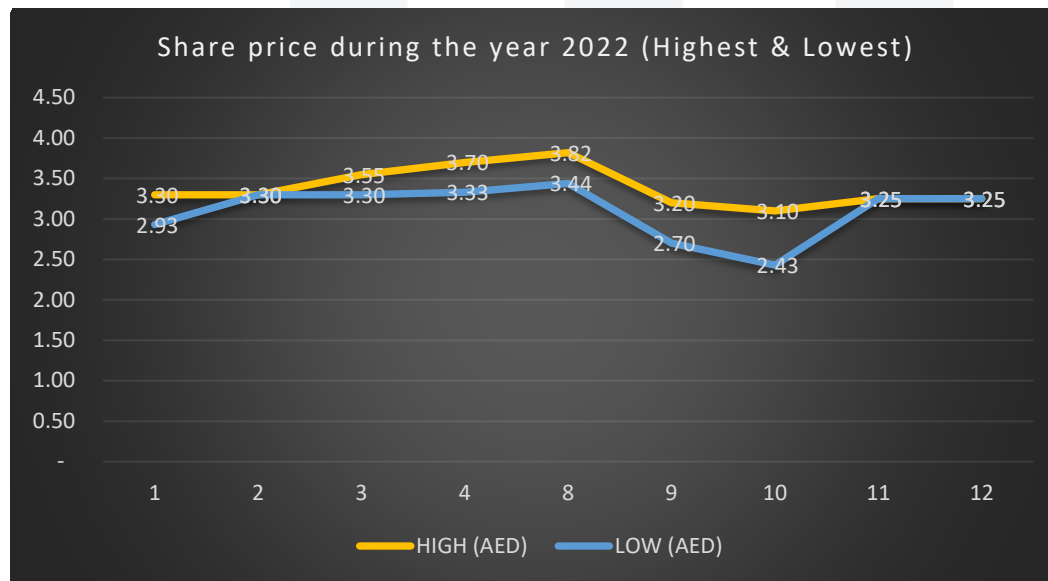
## 9. The Company's Contribution During 2022 towards the of Local Community Development and Environmental conservation

The company was keen to apply 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 did not make any contributions in kind or cash during the year 2022.

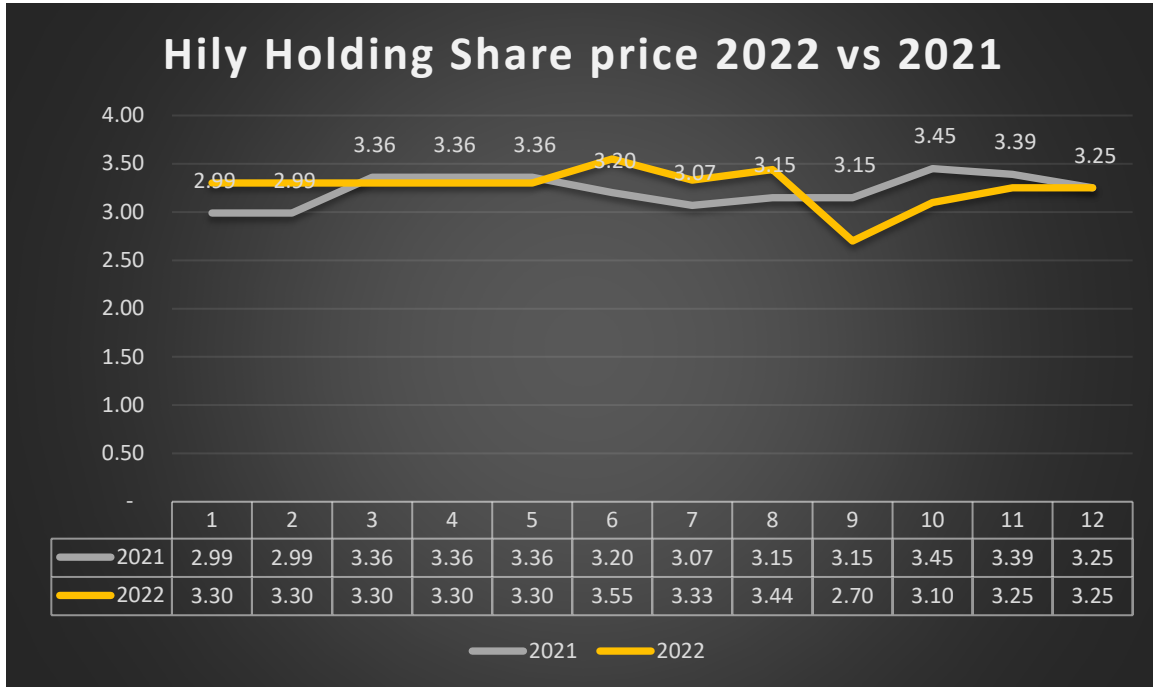
## 10. General Information

### a. Share price during the year 2022 (highest & lowest)

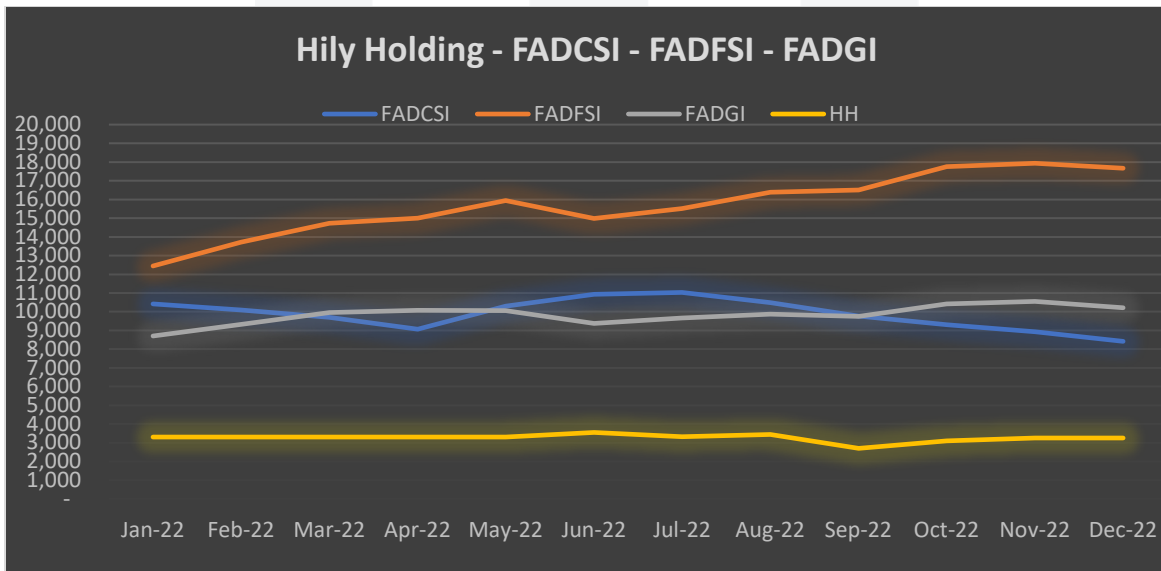
Year	Month	OPEN (AED)	CLOSE (AED)	HIGH (AED)	LOW (AED)
2022	01	2.930	3.300	3.300	2.930
2022	02	3.300	3.300	3.300	3.300
2022	03	3.300	3.550	3.550	3.300
2022	04	3.700	3.330	3.700	3.330
2022	08	3.820	3.440	3.820	3.440
2022	09	3.100	2.700	3.200	2.700
2022	10	2.430	3.100	3.100	2.430
2022	11	3.250	3.250	3.250	3.250
2022	12	3.250	3.250	3.250	3.250



**Hily Holding Share price 2022 vs 2021.**



**b. Share performance Comparison 2022**



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



**a. Shareholding Distribution as of 31/12/2022:**

Shareholder Category	Percentage of Shares Held			
	Individual	Companies	Government	Total%
Local	41.003	58.557	-	<b>99.562</b>
Arab	0.179	0.005	-	<b>0.184</b>
Foreign	0.256	-	-	<b>0.256</b>
<b>Total</b>	<b>41.438</b>	<b>58.562</b>	-	<b>100%</b>

**b. Statement of shareholders holding 5% or more of the capital as of 31/12/2022**

Name	No of Shares held	%
Al Wathba Insurance Company PJSC	27,377,341	22.81%
Ali & Sons Holding L.L.C.	27,373,988	22.81%
Mariyam Ahmed Abdullah Abdol Al Khumairi	17,435,714	14.52%
Ali & Sons Company, owned by Ali & Sons Co	11,748,388	9.79%
Mohamed Bin Ahmed Bin Saeed Al Qassimi	9,656,691	8.05%

**c. Shareholding Distribution to the size of equity as at 31/12/2022.**

SL	Share(s) Owned	No of Shareholders	No of Shares held	Percentage to Capital
1	Less than 50,000	292	3,175,366	2.65%
2	50,000 -500,000	78	13,428,735	11.19%
3	500,000-5,000,000	8	9,798,777	8.16%
4	More than 5,000,000	5	93,597,122	78.00%

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

- 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)
- The link of Investor Relation webpage on the website of the company:  
<https://hilyholding.com/fact-sheet>

**e. Special resolutions presented to the General Assembly held in 2022.**

	The special resolution	Procedures taken with respect thereto
1.	Changing the company's name to Hily Holding PJSC	Amendments done.

f. \* 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. 21 years' experience (accounting, board secretary, investor relations), courses and workshops on governance and sustainability

• Tasks during the Year 2022:

- 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.

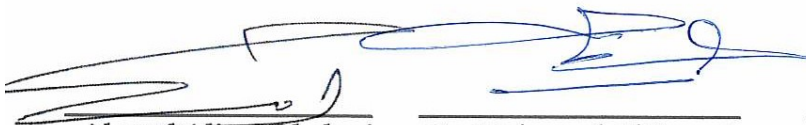
g. No Significant event took place in the company in 2022.

h. No transactions made with related parties during the year 2022 that are equal to 5% or more of the company's capital.

i. Emiratization percentage in the company.

Year	Percentage
2020	11.00
2021	1.35
2022	0.90

j. No Innovative projects and initiatives implemented by the company, or which were under development during 2022.



Ahmed Ali Al Dhaheri  
Chairman  
of the Board of Directors

21/03/2023



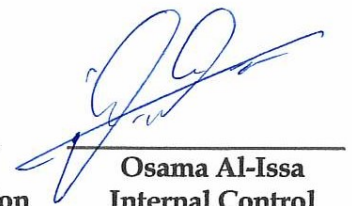
Dr. Mohamed AlHosani  
Chairman  
of the Audit Committee

21/03/2023



Mohamed AlQubaissi  
Chairman of the Nomination  
& Remuneration Committee

21/03/2023



Osama Al-Issa  
Internal Control  
In-Charge

21/03/2023



# Sustainability Report



**Quality Products & Services for Sustainable and Healthy Living**

**ESG Sustainability Report 2022**

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# About this Report



Hily Holding P.J.S.C is pleased to introduce its third release of annual sustainability report for the year 2022, exhibiting our continuous Commitment to observing and reporting our Environmental, Social and Governance performance. This report highlights our Commitment to operating and growing in a sustainable manner whilst generating shared value to all our stakeholders.

GRI Accordance

This report has been prepared in accordance with GRI Standards (Core option).

**The report aligns with GRI Standards, United Nations Sustainable Development Goals (SDGs), UAE National Vision 2021.**

## About this report

Scope of this report

Report highlights 2022

Message from The Chairmen

Messages from CFO

Forward from General Manager



Comparable Data

**Most disclosures in this report cover historical data from 2019 to 2022, showcasing developments over time**

External Assurance

We chose not to appoint an external party to audit our nonfinancial data for this report. We followed an internal assurance process to give our stakeholders full confidence in the accuracy of the information reported.

For any inquiries of this report, please contact:

Name: Wol Bol

Title: Quality & Sustainability Manager

Email Address: wol.bol@Foodcouae.com

## Message from the **Chairman**



**H.E. Ahmed Bin Ali Khalfan Al Dhaheri**  
**chairman**

Dear All,

It is my privilege to address you in this 2022 ESG Sustainability 4<sup>th</sup> Annual Report of Hily Holding PJSC. As a leading investment group in the UAE, **it is our responsibility to ensure that our operations align with our values and commitments towards sustainability, corporate governance, and environmental protection.**

At Hily Holding PJSC, we recognize the vital role that we play in promoting sustainable development and responsible business practices. We are committed to continuously improving our ESG performance and making a positive impact on the communities in which we operate.

In this report, we have highlighted our progress and achievements in implementing our ESG initiatives. From promoting sustainability in our operations to ensuring responsible governance and protecting the environment, we have made significant strides in these areas, and we are dedicated to continuing this progress.

We understand that **the future success of our business depends on our ability to adopt and maintain sustainable practices. Our ESG initiatives are crucial to this effort, and I am proud of the progress we have made in these areas.**

I would like to express my gratitude to our employees, partners, and Stakeholders who have supported and contributed to our ESG initiatives. With their dedication and commitment, we can work together to create a brighter and more sustainable future for all.

Finally, I would like to assure our shareholders that we will continue to prioritize ESG in all our operations and decision-making processes, and we remain committed to making a positive impact on the world we live in.

# Message from the CFO

At Hily Holding PJSC, we understand the importance of financial sustainability and the role it plays in the long-term success of our business.

In this report, **we have demonstrated our commitment to ESG by showcasing our efforts and progress in implementing sustainable and responsible business practices.** Our diversified portfolio of businesses and our focus on ESG has allowed us to achieve financial stability, while also making a positive impact on all the interested parties.

We have implemented sustainable finance practices, such as responsible investment and risk management, to ensure that our operations align with our ESG commitments. Our focus on ESG has also allowed us to attract investment and partnerships that share our values, which has had a positive impact on our financial performance.

As we continue to grow and expand our business, it is our responsibility to ensure that our financial performance is sustainable and responsible. **Our ESG initiatives are a crucial part of this effort, and I am confident that our commitment to ESG will contribute to the long-term success of our business and our stakeholders.**

I would like to thank our employees, partners, and stakeholders for their support and dedication to our ESG initiatives. Together, we can create a brighter and more sustainable future for all.



**Mr. Mohamed Hafez**  
Chief Financial Officer



# Scope of this Report

## Business Units

The report covers our operations in the United Arab Emirates (UAE) unless otherwise stated.

## Entities

The report covers the operations of Hily Holding, which includes majority shareholder or wholly owned assets referred to as 'subsidiaries'. Performance data relates to both the Group and subsidiaries, unless otherwise indicated.

## Monetary Values

All monetary values in this report are expressed in Arab Emirates Dirhams (AED), unless otherwise stated.

## Financial Performance

Financial Performance covers all Hily Holding PJSC and all its subsidiaries. For detailed information about our financial performance, please refer to our 2022 Annual Report

## Terminology

Use of 'the Group' in this report refers to Hily Holding PJSC, including all its subsidiaries in the UAE

## Year

The report covers our Environmental, Social, and Governance performance for the period from 1 January 2022 to 31 December 2022, unless otherwise indicated.

# Our Corporate Values

Incorporating ESG sustainability into our daily lives



## One Team



In Hily Holding, We believe in the power of collaboration and teamwork to achieve our goals. In line with our commitment to ESG sustainability, we ensure that all our team members are informed and educated on sustainable practices. We align with the United Nations Sustainable Development Goal (SDG) 17 to strengthen partnerships for sustainable development. Our sustainability reporting is based on the Global Reporting Initiative (GRI) standards, ensuring transparency and accountability. We support the UAE Vision 2021 to build a sustainable and diversified economy.



## Passion



In Hily Holding, We are driven by passion and commitment to excellence. We harness this energy to support ESG sustainability by incorporating sustainable practices in all our business operations. Our commitment to SDG 12 ensures responsible consumption and production, minimizing waste and reducing our carbon footprint. We adhere to GRI standards, reporting our sustainability performance and progress to stakeholders. We support the UAE Vision 2021 to create a sustainable and eco-friendly environment.



## Trust



In Hily Holding, We value the trust and confidence placed in us by our stakeholders. We earn and maintain this trust by adhering to sustainable practices and being accountable for our actions. Our commitment to SDG 8 ensures decent work and economic growth, fostering a safe and healthy work environment. We report our sustainability performance and progress using GRI standards, providing transparency to our stakeholders. We support the UAE Vision 2021 to create a sustainable and diverse economy.



## Good is not good enough



In Hily Holding, We strive for excellence and continuously improve our processes and practices. In support of ESG sustainability, we are committed to reducing our environmental impact and promoting social responsibility. We align with SDG 13 to combat climate change and SDG 16 to promote peace, justice, and strong institutions. Our sustainability reporting is based on GRI standards, ensuring that we are accountable and transparent to our stakeholders. We support the UAE Vision 2021 to create a sustainable and resilient environment.



## Accountability



In Hily Holding, We take responsibility for our actions and are accountable to our stakeholders. In line with our commitment to ESG sustainability, we measure and report our sustainability performance using GRI standards. We support SDG 5 to achieve gender equality and SDG 10 to reduce inequalities, ensuring fairness and inclusion. We support the UAE Vision 2021 to create a sustainable and inclusive society.

## 2022 was a major success in our compassionate response to



# Covid-19



Through our response protocol and clear communication, we were able to effectively manage the pandemic and maintain business operations while prioritizing the safety of our employees and customers. We remain committed to ensuring the well-being of all stakeholders and to contributing to the achievement of the SDGs, GRI standards, and UAE 2021 vision.

Our response to the pandemic was aligned with relevant SDGs, such as SDG 3 - Good Health and Well-being, and SDG 8 - Decent Work and Economic Growth. We also followed GRI standards for health and safety management, such as the GRI 403 standard on Occupational Health and Safety. Additionally, our response to Covid-19 was in line with the UAE 2021 vision, which prioritizes health and safety for all.

### 3 GOOD HEALTH AND WELL-BEING



### 8 DECENT WORK AND ECONOMIC GROWTH



To effectively manage the pandemic, clear communication was crucial. Our HR team utilized all available online and offline modes to communicate market conditions, risk assessments, and safety protocols. Email, banners, and other communication channels were used to regularly update employees on Covid-19 developments and the latest safety guidelines.



The Covid-19 pandemic presented unprecedented challenges for our business in 2022. However, we responded proactively with a comprehensive Covid-19 response protocol developed by our HR team. This response protocol was shared across all business units, and guidelines were set for worker safety. Our priority was to ensure the safety and well-being of our employees and customers.

# 2022 Highlights



**Maintaining Ethical,  
Responsible &  
Profitable Business**

**146.251 Million AED**  
in Revenue

**843 Million AED**  
investment

**0(Zero) in**  
**bribery or**  
**corruption**  
**cases**

**95%**  
Of Customers are  
satisfied with Quality  
of our products

UN SDG	UAE Vision 2021 Pillar: United in Responsibility	GRI Standard	Hily Holding Compliance
<p><b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>The UAE National Vision 2021 aims to promote a culture of social responsibility and ethical behavior among individuals and organizations in the UAE. This includes adhering to the highest ethical standards and ensuring compliance with laws and regulations.</p>	<p>GRI 205: ANTI-CORRUPTION 2016</p> <p><b>GRI 205</b></p>	<p>In terms of maintaining an ethical, responsible, and profitable business, Hily Holding P.J.S.C have focused on adhering to the highest ethical standards and ensuring compliance with all laws and regulations and maintaining clean records with zero bribery or corruption cases. We have continued to prioritize the safety and well-being of our employees, customers, and stakeholders with 95% satisfaction, and have made efforts to ensure a fair and inclusive workplace. Additionally, we have achieved profitability while maintaining a commitment to social responsibility and sustainability.</p>

# 2022 Highlights



## Fostering Divers, Healthy & Safe Communities

**95%**  
Employees Satisfaction

**11%**  
increase of our newly hired female employees

**23**  
Different nationalities work at Hily Holding

**515**  
Hours of training in health, safety and environmental protection

**0(Zero)**  
Occupational injury

**0(Zero)**  
Vehicles Collision

UN SDG	UAE Vision 2021 Pillar: Cohesive Society and Preserved Identity	GRI Standard	Hily Holding Compliance
<p>3 GOOD HEALTH AND WELL-BEING</p>	<p>The UAE National Vision 2021 aims to build a cohesive and inclusive society that values diversity and promotes the well-being of all its members. This includes promoting good health and well-being, ensuring equal opportunities for all, and creating safe and secure communities.</p>	<p>GRI 403</p>	<p>Hily Holding's commitment to fostering diverse, healthy, and safe communities has been a key priority this past year. We have made efforts to support the communities in which we operate, including promoting gender equality with growth of 8% increase in female hire, reducing inequality as we grow to 23% of different nationalities of employees, which is an investments in community development. We have also prioritized the health and safety of our employees and customers, implementing measures to prevent injuries or accidents and maintaining records of zero percent cases.</p>
<p>5 GENDER EQUALITY</p>		<p>GRI 405</p>	
<p>10 REDUCED INEQUALITIES</p>			

# 2022 Highlights



## Innovation and Reengineering Product Quality & Sustainability

Virginia healthy Meal-On-The-Go  
introduced

<1.2 Customer complaints  
per a million-product sold

100% Suppliers evaluation  
and screening for Quality, health, safety and environmental compliance

16.4 Million AED  
Ready for sale Products

7 New SKUs  
introduced

### UN SDG

### UAE Vision 2021

Pillar: Competitive Knowledge Economy

### GRI Standard

### Hily Holding Compliance



The UAE National Vision 2021 aims to develop a knowledge-based economy that is driven by innovation and creativity. This includes promoting research and development, enhancing the quality and sustainability of products and services, and embracing new technologies and practices.



Innovation and reengineering have been key areas of focus for Hily Holding in the past year. We have invested in research and development, seeking to improve the quality and sustainability of our products. Through these efforts, Hily Holding have introduced new products such as Virginia healthy on the go meal, to the market and enhanced the quality and sustainability of our existing offerings. We have also reengineered our operations to improve efficiency, reduce waste, and minimize our environmental impact with 7 new SKUs introduced in 2022

# 2022 Highlights







## Preserving And Protecting The Environment

**12%**  
Decrease in electricity Consumption

**8%**  
Decrease in GHG emission

**103**  
Tones of Recycled Waste

**15%**  
landfilled waste from total waste

UN SDG	UAE Vision 2021 Pillar: Sustainable Environment and Infrastructure	GRI Standard	Hily Holding Compliance
  	<p>The UAE National Vision 2021 aims to preserve and protect the environment for future generations by promoting sustainable practices and reducing the country's carbon footprint. This includes conserving water, minimizing waste, and investing in renewable energy and sustainable infrastructure.</p>		<p>Hily Holding is committed to preserving and protecting the environment. We have implemented sustainable practices throughout our operations, including reducing our carbon footprint by 8%, conserving water by 16%, and minimized landfill waste by 11%. We have also made investments in renewable energy starting with efficient lighting in our offices and have sought to improve the sustainability of our supply chain.</p>

# Forwarding by the **General Manager**

I am thrilled to address you in this 2022 ESG Sustainability 4th Annual Report of Hily Holding PJSC. As an innovation-driven organization, we understand that creating sustainable solutions, responsible business practices, and efficient supply chains are critical components of our success.

At Hily Holding PJSC, we are committed to incorporating these values into all of our operations, ensuring that we create a positive impact on our stakeholders and the communities we serve.

In this report, we have highlighted our progress and achievements in implementing our ESG initiatives in marketing, innovation, supply chain, and quality. We have focused on developing innovative solutions that promote sustainability, reduce our carbon footprint, and increase our efficiency, all while maintaining the highest quality standards.

**We recognize the importance of ESG initiatives in driving long-term growth and ensuring the resilience of our business.** That is why we remain dedicated to continuously improving our ESG performance and making a positive impact on the world around us.

I would like to take this opportunity to thank our employees, partners, and stakeholders who have supported and contributed to our ESG initiatives. Their commitment and dedication have been instrumental in achieving our goals, and we are committed to working with them to create a brighter and more sustainable future for all.

Finally, I would like to assure our shareholders that we will continue to prioritize ESG in all our operations and decision-making processes. **We understand that our success is linked to our ability to operate sustainably and responsibly, and we remain committed to creating long-term value for all our stakeholders.**

Thank you for your continued support.



**Mr. Waseem Al-Halabi**  
**General Manager**



# Our Company

At a glance

Who are we

What we do

Where we Operate

Our value Chain

Our Strategy

Business Review



## A National entity with expanding leading brands

Hily Holding P.J.S.C, formerly known as Foodco Holding P.J.S.C, was established in 2006 as a natural evolution of Abu Dhabi National Foodstuff Company's (Foodco LLC) growth and increased diversity. Foodco LLC, an esteemed and well-regarded firm established in Abu Dhabi in 1979 as a public shareholding entity, is under the patronage of His Highness Sheikh Khalifa Bin Zayed Al Nahyan, the President of U.A.E. The holding company, Hily Holding P.J.S.C, comprises five subsidiary companies, namely Foodco LLC, Sense Gourmet, Dana Plaza, 5PL logistics solution and Oasis. These subsidiaries function as standalone entities under the holding company.

As a public shareholding entity, Hily Holding, the core foundation of the group, has laid the groundwork for the company's success. The company benefits from a strategic location, strong financial backing, a solid infrastructure, and a progressive approach that have allowed it to flourish and pave the way for further growth and development.

### HILY HOLDING هيلي القابضة ش.م.ع. Our Brands

**5.5 Million**

Kg of purest and finest rice sole annually

**#1 Quality**

Grain of rice imported consistently every year

**#1 Voted**

Consumer choice of the year 2022

**#1 Winner**

Product of the year 2022

**19 Brands**

In Expanding portfolio

**60+ Suppliers**

With international footprint

**300+ Employees**

Across UAE

UN (SDG)	RSI	Hily Holding Compliance
 <p><b>8 DECENT WORK AND ECONOMIC GROWTH</b></p>	 <p><b>Economic</b> <b>GRI 200</b></p>	<p>To ensure transparency and accountability in our sustainability reporting, we have adopted the Global Reporting Initiative (GRI) Standards. Specifically, we are using GRI 200: Economic Performance to report on our financial highlights. By adopting this widely recognized reporting standard, we aim to provide our stakeholders with a comprehensive understanding of our financial performance and sustainability efforts.</p>

### HILY HOLDING هيلي القابضة ش.م.ع. Financial Highlights

## A great year with 18.45% revenue growth

**76.915**

**Net profit**  
(AED million)  
Net profit attributable to shareholders

**146.251**

**Net revenue**  
(AED Million)

**945.510**

**Total Assets**  
(AED Million)

**592.726**

**Shareholder's Equity**  
(AED Million)



# Creating value through our BRANDS

Our company's diverse portfolio of essential and trusted brands includes premium quality rice imports, high quality canned tuna, vegetable oil, biodegradable garbage bags, pasta products, and high-quality facial tissues. Our commitment to sustainability is reflected in our support for several United Nations Sustainable Development Goals (SDGs) such as SDG 2, 3, 12, and 14, as well as adherence to Global Reporting Initiative (GRI) Standards such as GRI 102, 204, 301, 302, 303, 304, 305, and 306. In addition, our sustainability efforts align with the UAE National Vision 2021 pillars of Sustainable Environment and Infrastructure, and Cohesive Society and Preserved Identity. **We continuously strive to maintain the highest product quality, offer multiple premium brands, and provide excellent customer care, as reflected in our recent recognition as the Product of the Year 2022 and the Super Brand of the Year 2022, as result by end of 2022 we were at 95% customers satisfaction with our healthy products.**



## UN SDGs



## UAE National vision 2021

**Pillar:** Sustainable Environment and Infrastructure


















**Pillar:** Cohesive Society and Preserved Identity

## GRI Standar



# Creating value through our BRANDS

Hily Holding offers a range of products that reflect our commitment to sustainability, including energy drinks, collagen waters, vine leaves, healthy snacks, and ready-to-eat meals. Our sustainability efforts align with several United Nations Sustainable Development Goals (SDGs), such as SDG 2, 3, 7, 12, and 13. We also adhere to Global Reporting Initiative (GRI) Standards such as GRI 102, 201, 301, 303, and 305. Our sustainability practices are aligned with the UAE National Vision 2021 pillars of Sustainable Environment and Infrastructure, and Cohesive Society and Preserved Identity. **We are proud to offer products that prioritize quality, innovation, and sustainability, and we remain committed to minimizing our environmental impact while delivering the highest value to our customers, as a result we achieved 18% increase in Quality and healthy products in 2022.**

				UN SDGs	UAE National vision 2021	GRI Standards
					<b>Pillar: Sustainable Environment and Infrastructure</b>  <b>Pillar: Cohesive Society and Preserved Identity</b>	
						
						
						

# Optimizing Values into all Operations

In 2022, our company implemented several initiatives to optimize value throughout our value chain. In our supply chain management, we prioritized environmentally conscious practices, such as sourcing from local and sustainable suppliers, and we also continued to promote transparency and ethical practices throughout our supply chain. These efforts align with United Nations Sustainable Development Goals (SDGs) such as SDG 12 and 13 and Global Reporting Initiative (GRI) Standards such as GRI 204 and 308.

We also implemented several initiatives to improve our warehousing and logistics management, including the use of technology to improve efficiency and minimize waste. These initiatives align with SDGs such as SDG 9 and GRI Standards such as GRI 301 and 302. By optimizing our logistics management, we were able to reduce our carbon footprint and minimize our environmental impact.

Furthermore, we continued to prioritize the health and safety of our employees, customers, and stakeholders throughout our operations. Our health and safety initiatives align with SDGs such as SDG 3 and GRI Standards such as GRI 403 and 404. We implemented training programs and provided our employees with the necessary resources to maintain a safe and healthy work environment.

Overall, our initiatives in 2022 reflect our commitment to optimizing value throughout our value chain, promoting sustainability, and aligning with the UAE National Vision 2021 pillars of Sustainable Environment and Infrastructure, and Cohesive Society and Preserved Identity

## Value Chain Model

### 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

# Sustainability at Hily Holding P.J.S.C

**Our Sustainability Vision**

**Our Sustainability vision and strategy**

**Listening to Stakeholders**

**Alignment with Sustainability Guidelines and Framework**

**Our Priorities on Sustainability Topics**

**Committed to Quality for Sustainable living**

**Operations Excellence**

**Ours Strategy Business Review**

## Forwarding by Quality & Sustainability Manager

It is my pleasure to present to you the 2022 sustainability report for Hily Holding. As the Quality and ESG Sustainability Manager, I am proud to share with you our progress and accomplishments in these areas over the past year. At Hily Holding, we remain committed to prioritizing environmental, social, and governance (ESG) initiatives in our operations. In 2022, we have continued to focus on measuring and reporting our sustainability performance using internationally recognized frameworks. We have also strengthened our management systems to ensure that ESG issues are integrated into our business decisions and practices.

In addition, we have made significant strides in innovation and quality re-engineering. We recognize that sustainability requires ongoing innovation and improvement, and as such, we have implemented several initiatives to reduce our environmental footprint while also improving the quality of our products and services. We have also established a culture of continuous improvement across the organization to ensure that we remain at the forefront of sustainable business practices.

Lastly, our commitment to health, safety, and environmental (HSE) management remains a top priority. We have continued to implement robust HSE policies and procedures to ensure the safety and wellbeing of our employees, customers, and communities. We also recognize the importance of protecting the environment, and we are committed to minimizing our impact on the planet.

As we look towards the future, we remain dedicated to our ESG, innovation, and HSE initiatives. We recognize that our sustainability journey is ongoing and we will continue to set ambitious targets and strive for excellence in all that we do.

Thank you for your continued support and partnership as we work together to create a more sustainable future.



**Wol Bol**

**Quality & Sustainability Manager**

# Our Vision & Sustainability Strategy

# 2022 Milestones

Hily Holding is committed to achieving our 2030 plan of ESG sustainability, and our sustainable business strategy aligns with this goal.

We continue to prioritize sustainability throughout our operations and expand our portfolio of sustainable products.

To achieve our 2030 milestones, we have implemented several initiatives in 2022

Sourcing from local and sustainable suppliers.

investing in renewable energy,

We focused on expanding our sustainable product portfolio and offered plant-based Products.

**Expansion in 2022**

implement innovative warehousing and logistics management strategies.

We also continue to promote transparency and ethical practices throughout our supply chain.

implementing circular economy principles.

Healthy snacks, Vegan burger, Biodegradable packaging and biodegradable garbage bags

We explored new markets and focus on promoting our sustainable brand identity to appeal to a wider audience.

Marketing is a key focus for us, and we plan to communicate our sustainable brand identity to our customers through various channels, such as:

**Social media, advertising, and events.**

We prioritize educating our customers about our sustainable practices and the environmental impact of our products.

Our sustainable business strategy aligns with our 2030 plan of ESG sustainability and our commitment to promoting sustainability throughout.

We collaborate with other organizations to promote sustainability and contribute to the achievement of (SDGs).

Our growth strategy involve investing in research and development to improve the sustainability of our products and operations.







## Forwarding By Department of Human Capital & Development



We recognize the importance of our employees in driving our business forward, and we are committed to providing them with a supportive and sustainable work environment.

In this report, we have demonstrated our commitment to ESG by showcasing our efforts to promote diversity and inclusion in our workplace, provide our employees with ongoing training and development opportunities, and ensure a safe and healthy work environment.

We understand that a strong and engaged workforce is key to our long-term success, and we are dedicated to attracting and retaining the best talent in our industry. Our focus on ESG extends to our recruitment processes, where we prioritize diversity and equal opportunity, and to our employee development programs, where we provide our employees with the tools and resources they need to grow and succeed.

We are proud of the progress we have made in these areas, and we are dedicated to continuing this progress in the future. Our employees are our most valuable asset, and we are committed to providing them with the support and opportunities they need to succeed.

I would like to express my gratitude to our employees for their dedication and hard work, and to our stakeholders for their continued support. Together, we can create a brighter and more sustainable future for all.



**Fadi Sarris**

**Director of Human Capital and Development Department**



# Listening to **Our Stakeholders**

## Employees:

At Hily Holding, We regularly conduct employee engagement surveys to gather feedback and suggestions from our workforce. By addressing their concerns and improving their work environment, we can increase employee satisfaction and retention. This aligns with SDG 3 - Good Health and Well-being, GRI 401 - Employment, and UAE Vision 2021 - Cohesive Society and Preserved Identity.

**Inclusive communication has been activated, encouraging new voices and welcoming new joiners is a culture we are proud of**



UN SDG



GRI

UAE 2021 vision



United in Responsibility

Cohesive Society and Preserved Identity



**We celebrate together as a family, work as a team and communicate as friends**



**We increased employee's satisfaction by 15% this year due to intensive engagement and development activities**



# Listening to **Our Stakeholders**

## Suppliers:

At Hily Holding, We engage with our suppliers to ensure that they share our commitment to sustainability and ethical business practices. By working together, we can optimize our supply chain and reduce our environmental footprint. This aligns with SDG 12 - Responsible Consumption and Production, GRI 308 - Supplier Environmental Assessment, and UAE Vision 2021 - Sustainable Environment and Infrastructure.

**We strategically screened and evaluated 100% of our suppliers to ensure sustainable business sustainable business practices and ethical conducts**

The infographic features a green background with a map of the world. At the top left, it says 'OUR PRODUCTS ARE CAREFULLY SELECTED FROM VARIOUS REGIONS OF THE World'. In the center, there are logos for 'GRI 308', 'UAE 2021 vision Sustainable Environment and Infrastructure', and 'SUPPLY CHAIN NETWORK 2006'. Below these is a banner for 'UN SDG 12 RESPONSIBLE CONSUMPTION AND PRODUCTION ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS'. At the bottom, it lists regions: 'NORTH AMERICA | SOUTH AMERICA | EUROPE | MIDDLE EAST | ASIA | AUSTRALIA'. A red location pin is placed on the map.

**We stay connected with our national and international suppliers to ensure sustainable consumption and smooth production patterns with continuous availability of strategic stocks**

## Investors:

At Hily Holding, We communicate with our investors through annual reports, sustainability reports, and investor meetings. By being transparent and disclosing our sustainability performance, we can increase their confidence in our business and attract more sustainable investment. This aligns with SDG 9 - Industry, Innovation, and Infrastructure, GRI 201 - Economic Performance, and UAE Vision 2021 - Sustainable Economic Growth..

A banner for SDG 9, 'BUILD RESILIENT INFRASTRUCTURE, PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION', featuring a recycling symbol icon.

**2022 We have sustained timely business review, timely reporting and timely communication with our investors**

A cover for the 'GRI 201 Economic Performance 2016' report, showing the number '201' prominently.

# Listening to Our Stakeholders

## Community:

We engage with the local community through various initiatives, such as volunteering and corporate social responsibility projects. By being a responsible corporate citizen, we can build trust and strengthen our relationships with the community. This aligns with SDG 11 - Sustainable Cities and Communities, GRI 413 - Local Communities, and UAE Vision 2021 - Social Cohesion and Sustainable Environment

At Hily Holding, 2022 was a year we went extra miles to make sure we support the community during post pandemic, we ensured being engaged with our communities and working with local organizations to help in everyway possible.

11 SUSTAINABLE CITIES AND COMMUNITIES

MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE

UN SDG

NUMBER OF COUNTRIES WITH LOCAL DISASTER RISK REDUCTION STRATEGIES NEARLY DOUBLED BETWEEN 2015 AND 2021 (51 TO 98 COUNTRIES)

LEAVING NO ONE BEHIND WILL REQUIRE AN INTENSIFIED FOCUS ON 1 BILLION SLUM DWELLERS



## UAE 2021 vision

## COHESIVE SOCIETY AND PRESERVED IDENTITY

The UAE Vision 2021 National Agenda strives to preserve a cohesive society proud of its identity and sense of belonging

Thus, it promotes an inclusive environment that integrates all segments of society while preserving the UAE's unique culture, heritage and traditions and reinforces social and family cohesion.

Furthermore, the National Agenda aims for the UAE to be among the best in the world in the Human Development Index and to be the happiest of all nations so that its citizens feel proud to belong to the UAE. The National Agenda also sets an ambitious plan to increase the UAE's achievements and medals won in international and Olympic games.

# Our Priorities on Sustainability Materiality Topics

As we operate in a dynamic and evolving business environment, it is important to identify and prioritize the sustainability topics that are relevant to our business and stakeholders. Conducting a materiality assessment allows us to evaluate the most pressing environmental, social, governance, health, and economic issues we should address in our operations.

In 2022, we conducted a review of our 18 material topics from 2021, considering industry peers, international guidelines and frameworks, and market analysis. After receiving internal feedback and external input, we updated our matrix to reflect the evolving concerns of our industry.

Our revised matrix highlights the importance of reducing greenhouse gas emissions and promoting energy efficiency in our operations. We recognize the urgent need to mitigate climate change and have set targets to reduce our carbon footprint. Additionally, we have emphasized the importance of promoting diversity, equity, and inclusion throughout our organization and supply chain. We are committed to promoting fair and ethical labor practices and ensuring the health and safety of our employees and stakeholders.

Aligned with the UAE Vision 2021 and the SDGs, our materiality assessment demonstrates our commitment to sustainable development and responsible business practices. We will continue to monitor and evaluate our material topics, addressing the most pressing issues and driving positive impact in our operations and communities.

## Material Grading

	Rank	Material
High Materiality	1	Product Quality & Safety
	2	Corporate Governance & business ethical practices
	3	Food waste reduction
	4	Financial performance
	5	Workplace health and safety
	6	Employees Development and retention
	7	Innovation and circular economy
Materiality	6	Workplace Diversity and equal opportunity
	7	Operational Management
	8	Responsible Marketing and Customer Satisfaction
	9	Responsible Supply Chain
	10	Water Stewardship
	11	Human Rights
Important	12	Food Security
	14	Employees Engagement and Well-being
	15	Healthy Products
	16	Climate change
	17	Environmental Impact
	18	Community Distribution and Investment
	19	Biodiversity and Environmental Impact
	20	Equality and inclusion and justice for all

# Our Sustainability Framework

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 2021 for sustainable development, and we are committed to continuously improving our sustainability performance and reporting on our progress.

## Maintaining Ethical, Responsible, and Profitable Business



- We are committed to maintaining the highest ethical and responsible business practices, while delivering sustainable profitability.
- We uphold ethical principles in all our dealings with stakeholders, foster a culture of transparency and accountability, and ensure responsible governance.
- We are aligning with SDGs 8, 12, 16, and the GRI Standards on Ethical Behavior and Anti-Corruption

## Fostering Diverse, Healthy, and Safe Communities



- We believe in fostering diverse, healthy, and safe communities that are resilient, inclusive, and socially responsible.
- We promote diversity and inclusion within our workforce, provide a safe and healthy work environment, and engage with local communities to address their concerns.
- We are aligning with SDGs 3, 4, 5, 8, 10, and 11, and the GRI Standards on Diversity and Equal Opportunity, Occupational Health and Safety, and Community Engagement.

## Innovation and Reengineering Product Quality and Sustainability



- We are committed to innovation and reengineering our product quality and sustainability to meet evolving customer demands and emerging industry trends.
- We invest in sustainable technologies, reduce our environmental footprint, and improve our product quality and safety standards.
- We will align with SDGs 7, 9, 12, 13, and the GRI Standards on Energy, Innovation, and Product and Service Labeling.

## Preserving and Protecting the Environment



- We recognize the importance of preserving and protecting the environment for future generations.
- We adopt sustainable practices, reduce our carbon footprint, minimize waste and pollution, and engage in conservation efforts.
- We will align with SDGs 6, 7, 12, 13, 14, and 15, and the GRI Standards on Water and Effluents, Climate Change, and Biodiversity.

# Maintaining Ethical, Responsible, and Profitable Business



At Hily Holding, We are committed to maintaining the highest ethical and responsible business practices, while delivering sustainable profitability. We uphold ethical principles in all our dealings with stakeholders, foster a culture of transparency and accountability, and ensure responsible governance. We are aligning with SDGs 8, 12, 16, and the GRI Standards on Ethical Behavior and Anti-Corruption

## Material Topics

- Our Finance Performance
- Corporate Governance
- Risk Management and Internal Controls
- Ethical Business Conduct
- Supporting Human rights
- Our Customers
- Responsible Marketing



## UAE National vision 2021 Pillars

United in Responsibility  
Competitive Knowledge Economy

**8**  
**Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**

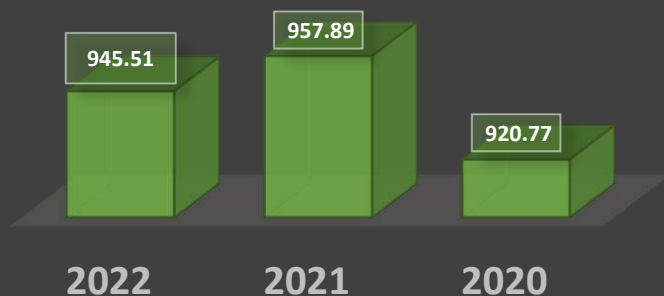
**12**  
**Ensure sustainable consumption and production patterns**

**16**  
**Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels**

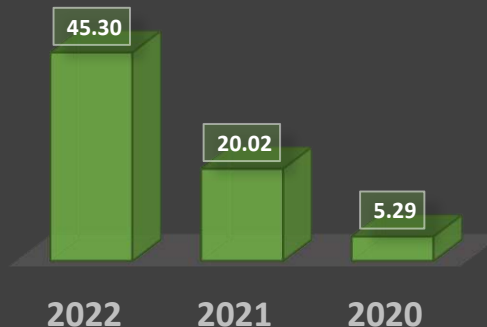
# Key performance indicator

Net Revenue	Net Profit	Cash from operations	Capital Expenditure	Group Headcount
<b>146.251 M</b>	<b>76.915 M</b>	<b>137. M</b>	<b>6.204 M</b>	<b>300+</b>

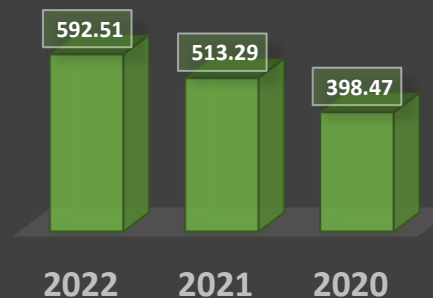
TOTAL ASSET (IN MILLIONS AED)



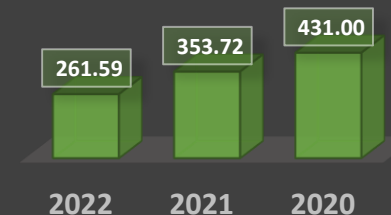
CASH (IN MILLIONS AED)



EQUITY (IN MILLIONS AED)



BANK BORROWING (IN MILLIONS AED)





# Expansion overview

Hily Holding's vision of establishing itself as an investment leader in the GCC region is strongly supported by a disciplined expansion plan. This plan involves integrating and scaling businesses units and subsidiaries to enhance our existing core businesses, while also venturing into new categories and markets. Thanks to our robust balance sheet and favorable reputation in the market, we are well-positioned to leverage inorganic opportunities and explore new avenues of growth.

At Hily Holding, our success in diversifying our business portfolio and achieving growth is a direct result of our strategic approach to expanding into markets and categories that demonstrate strong fundamentals and benefit from attractive consumer trends. Our expansion strategy is well-defined, with specific criteria that any business unit and subsidiaries of Hily Holding must meet in order to align with our ongoing strategy for 2027. Central to this strategy is the requirement that any new business is accretive to our earnings and complements our operating model, ensuring a seamless integration and alignment with our core values and mission.

We assess the growth prospects of our businesses and invest in them to foster their development and enable them to reach their full potential. This cooperative approach fosters close relationships with the teams of various units and subsidiaries, providing significant advantages during the integration process and preserving an enterprising culture.

The year 2022 marked a significant milestone for Hily Holding, as we experienced notable growth across all business units and subsidiaries. This strong momentum is expected to bring us benefits in the years to come.

## Foodco National Foodstuff

Abu Dhabi National Foodstuff Company was established by an Emiri Decree on January 31, 1979 under the patronage of crown prince H.H. Shaikh Khalifa Bin Zayed Al Nahyan. In July 2006; result of business growth a new company Abu Dhabi National Foodstuff LLC was incorporated to take over Company's exclusive food storage and distribution business. The restructuring plans in the first quarter of 2019, resulted in the formation of Foodco National Foodstuff PJSC with the merger of two entities under the group; Abu Dhabi National Foodstuff LLC and Sense Gourmet. Foodco National Foodstuff PJSC is the arm of FMCG business from the mother group. The Company's Head Office is located in Al Mina Zayed, Abu Dhabi.

Segment	Footprint	2022 Revenue	Relational
FMCG	UAE & GCC	49.88 M	Category (investment)



# Abu Dhabi National Foodstuff

Abu Dhabi National Foodstuff LLC is an innovative FMCG company established in Abu Dhabi in 1979 as a public shareholding entity under the patronage of His Highness Sheikh Khalifa Bin Zayed Al Nahyan, the President of the UAE. Originally set as a food wholesaler and distributor under the name of Abu Dhabi National Foodstuff Company, the company initially aimed to source high quality foodstuff, making it available to a wide market at competitive prices.

Driven by population growth, a buoyant economy and the rapid expansion of markets across the UAE, the GCC and the Middle East, the region witnessed investments worth billions of dollars in the food import and export sector. As business flourished, Foodco cemented its position as a leading importer and exporter of quality foodstuff throughout the Arabian Gulf, and went on to diversify into complementary areas of business including packaging and retailing.

Following a major restructuring in 2003 and the establishment of standalone companies leading the complementary areas of business, Abu Dhabi National Foodstuff LLC was able to return to its original focus. The company boasts a diverse portfolio of products covering a wide range of fast-moving consumer goods, including rice of all varieties, sugar, edible oil, Italian pasta, canned food, 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 prides itself on its adoption of best practices and commitment to quality, and currently holds ISO 9001:2008 certification. Supported by more than 200 staff, the company operates out of a 13,000 square meter complex in Abu Dhabi, with plans to relocate to new purpose-built premises in Mafraq in 2013.

Segment	Footprint	2022 Revenue	Relational
FMCG	UAE & GCC	40.78 M	Category - FMCG



Contact us : 600 522 526  
Email : customerservice@foodcouae.com  
www.fnfuae.com

2,500 square meters of Cold Storage and 25,000 square meters of temperature-controlled Warehousing at Mina

**WAREHOUSING**

5,700 square meters of Cold Storage & 6,000 square meters of Temperature-controlled Storage at Mafraq Warehouses

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

**TRANSPORTATION**

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

*The Good Taste of Life*

# 5PL logistics solution LLC

5PL Logistics Solutions was established in 2015 to cater to Abu Dhabi's growing need for a holistic supply chain provider, offering end-to-end solutions to companies interested in expanding their activities into the emirate, as well as providing the services of an 'Integrated Business Zone'. This holistic approach combining an unwavering focus on the end result and innovation with the integration of smart technologies unheard of in the industry, ensures the growth and success of our customers, greatly increasing their competitive advantage.

5PL Logistics Solutions boasts a unique model that combines the best of supply chain and business management solutions, with a high-tech temperature-controlled facility, a fleet of state-of-the-art vehicles and real-time information delivery in addition to a modern business center with ready-to-occupy office spaces. We believe that our people and our facility, with 11,000 m2 of temperature-controlled storage ranging from -18°C to 23°C and plans to add an additional 35,000 m2 ranging from -22°C to +24 °C, are our biggest assets.

Segment	Footprint	2022 Revenue	Relational
Manufacturing	UAE & GCC	16.41 M	Category (Logistics and warehousing)





# Dana Plaza Real Estate

Headquartered in Abu Dhabi, Dana Plaza Real Estate is a privately owned real estate management, development and investment company known for its portfolio of the most notable addresses and commercial locations. Founded and led by Hily Holding (previously known as Foodco Holding), Dana Plaza Real Estate is highly specialized in identifying, managing and acquiring commercial properties in prime geographical areas with strong growth potential.

Dana Plaza Real Estate was initially established as a division charged with meeting the real estate requirements of Foodco LLC. Being a diverse team of experts, not only in real estate, but also entrepreneurship, management, and technology, the group wanted to capitalize on its expertise to build a comprehensive real estate investment and development company, which led to growing its activities in the real estate investment and business development sector into a fully-fledged entity that runs a successful operation in real estate investments extending beyond the borders of its mother company.

Segment	Footprint	2022 Revenue	Relational
Real Estate Management	UAE	35.25 M	Category (Real Estate management)



# Corporate Governance

At Hily Holding PJSC, we operate with a steadfast commitment to responsible conduct, guided by our unwavering principles of good governance. Our corporate governance framework serves as the bedrock of our operations, enabling us to uphold the highest standards of ethics and integrity. We firmly believe that a strong foundation of good corporate governance and business ethics is essential for our company to effectively compete and unlock its full potential.

Aligned with ESG standards and Abu Dhabi's 2021 vision, we recognize that robust corporate governance practices are integral to creating sustainable value for our stakeholders, encompassing not only our shareholders, but also our employees, customers, suppliers, and the wider community. We are deeply committed to engaging with all of our stakeholders in a transparent and collaborative manner, nurturing enduring relationships and promoting mutual understanding.

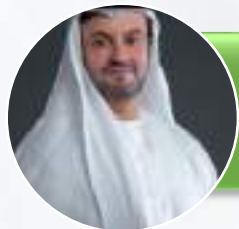
Our Board of Directors is entrusted with the responsibility of providing oversight and guidance, ensuring that the company is managed with an unwavering commitment to integrity and the highest ethical standards. Meanwhile, our management team is fully dedicated to creating sustainable value through sound business fundamentals, corporate social responsibility, and environmental stewardship. By prioritizing these critical areas, we are confident in our ability to remain competitive and realize our full potential.

We continually review and refine our corporate governance systems and procedures, ensuring they remain aligned with the latest standards and best practices. Our comprehensive annual corporate governance report, approved by the Securities and Commodities Authority (SCA) and shared on the Abu Dhabi Exchange (ADX) website, provides a transparent and comprehensive overview of our governance practices and procedures. It is also easily accessible to all stakeholders via our Group's website and annual report.

References: ESG standards, Abu Dhabi 2021 vision, Securities and Commodities Authority (SCA), Abu Dhabi Exchange (ADX) website.

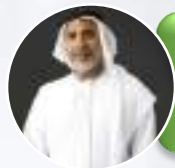
## BOARD OF DIRECTORS

At Hily Holding PJSC, our Board of Directors plays a critical role in guiding and overseeing our operations. Our Board is comprised of highly experienced individuals who possess deep expertise in their respective fields and are committed to upholding the highest standards of ethics and integrity. Under their oversight, we are able to maintain our unwavering commitment to good governance, sustainability, and stakeholder engagement. 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.



Chairmen

Ahmed Bin Ali Khalfan Al Dhaheeri



Vice Chairmen

Rashed Darwish Ahmed Saif Al Ketbi



Member

Dr. Mohamed Ali Khamis Mohamed Al Hosani



Member

Mohamed Saeed Abdallah Mosalam Al Qubaisi



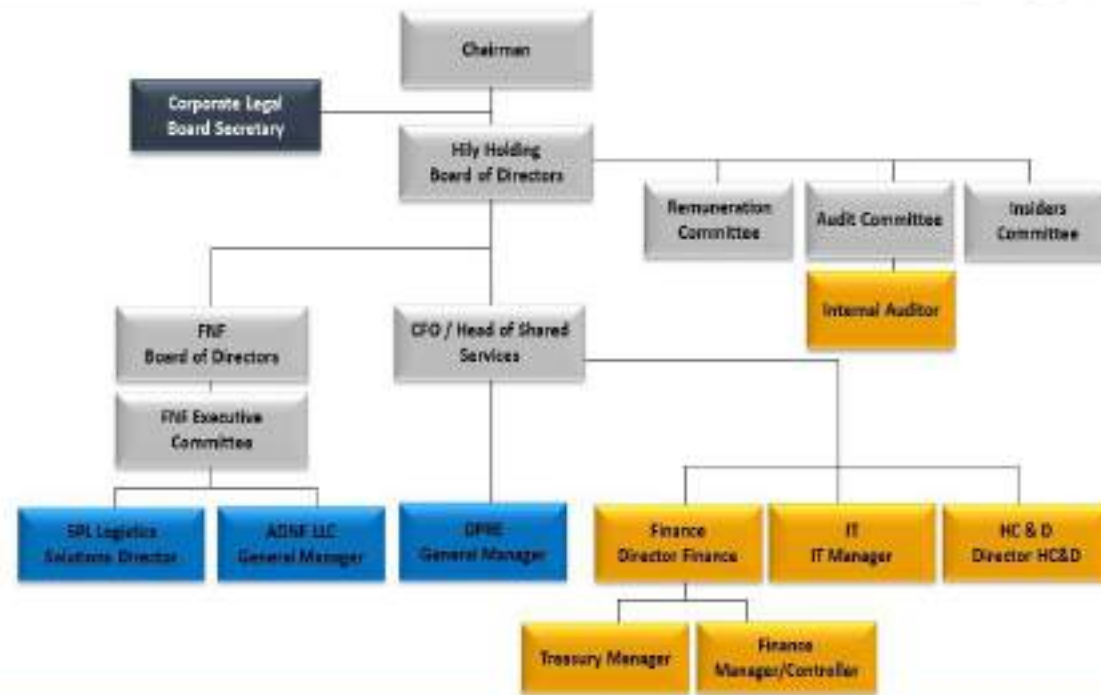
Member

Mohamed Ali Khalfan Al Mutawa Al Dhaheeri

## GOVERNANCE STRUCTURE

Hily Holding PJSC is a company that is deeply committed to conducting business with the utmost integrity and in accordance with the highest standards of ethics. This commitment is reflected in our robust corporate governance structure, which serves as the foundation of our operations. Our corporate governance framework enables us to uphold the principles of good governance, maintain the highest standards of ethics and integrity, and ensure that we create sustainable value for our stakeholders. In this brief, we will provide an overview of our corporate governance structure, highlighting our commitment to ESG standards, Abu Dhabi 2021 vision, and our adherence to the latest standards and best practices.

### HILY HOLDING PJSC



# Risk Management process at Hily Holding

Hily Holding risk management process involves identifying, assessing, and mitigating risks to an organization's operations, finances, reputation, and stakeholders. This process requires establishing the context of risk management, conducting risk assessments, selecting appropriate risk treatment options, monitoring and reviewing risk management activities, communicating and consulting with stakeholders, and embedding risk management into the organization's culture and processes. The process is guided by principles outlined in risk management standard and is closely linked to global sustainability frameworks such as the United Nations Sustainable Development Goals (SDGs) and Global Reporting Initiative (GRI) standards. Effective risk management helps our organization to identify and address potential threats, opportunities, and challenges, and build resilience to navigate the complex and dynamic business environment.

**Establish context:** We First identify stakeholders and set the context for risk assessment and management. (GRI 102-11, SDG 17)

**Risk assessment:** We then identify, analyze, and evaluate risks to determine their likelihood and potential impact. (GRI 102-15, SDG 13)

**Risk treatment:** We then select and implement appropriate risk treatment options to mitigate or manage identified risks. (GRI 102-17, SDG 8)

**Monitor and review:** We monitor and review the effectiveness of risk management activities, identify changes in risk exposure, and adapt risk treatment as necessary. (GRI 102-18, SDG 16)

**Communication and consultation:** We communicate and consult with stakeholders throughout the risk management process to ensure transparency and accountability. (GRI 102-40, SDG 5)

**Embedding risk management:** We integrate risk management into the organization's governance, culture, and processes to ensure ongoing effectiveness. (GRI 102-12, SDG 10)

## Business continuity

Hily Holding has demonstrated its commitment to business continuity by adhering to the local UAE standard NCEMA 7000. Our proactive measures to ensure compliance with the standard have enabled us to successfully navigate the COVID-19 pandemic in 2022. Our business continuity plan prioritizes the safety and wellbeing of our employees, customers, and stakeholders while maintaining the continuity of our operations. We have implemented various measures, such as remote work arrangements, physical distancing, regular disinfection, and health screening to prevent the spread of the virus. We have also established contingency plans to address potential disruptions to our supply chain, financial stability, and operational capacity. Our focus on business continuity has allowed us to maintain our operations, sustain our revenue streams, and continue to contribute to the UAE economy.

## Ethical Business Conduct

Ethical business conduct is an essential aspect of corporate social responsibility, and it is central to our values at Hily Holding. We believe that ethical conduct is fundamental to building trust with our stakeholders, maintaining our reputation, and creating sustainable value. Our commitment to ethical conduct is reflected in our code of conduct, which outlines our expectations for behavior and decision-making. We adhere to international standards, such as the United Nations Global Compact, and relevant laws and regulations, including anti-corruption laws. We ensure that all our employees, partners, and suppliers are informed and educated on our ethical standards and expectations. We have established reporting mechanisms for ethical breaches or concerns, and we investigate and address such incidents promptly and fairly. Our focus on ethical conduct has earned us recognition as a trusted and responsible business partner, and it has enabled us to build strong relationships with our stakeholders.

**This year and as always, we are always ensuring zero bribery case**

## Risk Management & Internal Controls

Effective risk management and internal controls are essential components of Hily Holding PJSC's corporate governance framework. As a responsible corporate citizen, we recognize the importance of mitigating risks and ensuring compliance with relevant laws and regulations. Our risk management and internal control systems are designed to identify, assess, and manage risks across the organization proactively.

To achieve this, we have established a comprehensive set of policies, procedures, and controls that are in line with international best practices and comply with local laws and regulations. We regularly review and enhance these controls to ensure that they remain effective and aligned with our business objectives and values.

Our internal control system is an integral part of our corporate governance framework, providing reasonable assurance that our operations are efficient, effective, and compliant with applicable laws and regulations. The system encompasses various components, including risk assessment, control activities, information and communication, and monitoring activities. We have implemented appropriate internal controls to safeguard our assets, maintain accurate financial reporting, and ensure compliance with laws and regulations.

We are committed to ensuring that our risk management and internal control systems are continuously improving to mitigate risks and support our long-term sustainability objectives. Our risk management and internal control systems are reviewed regularly to ensure they align with the latest ESG reporting standards, international accounting principles, and securities exchange regulations. As a result, we can provide our stakeholders with transparent and reliable reporting and demonstrate our commitment to responsible corporate governance.



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

## Nomination & Remuneration Committee

Our Nomination & Remuneration Committee operates in compliance with the UAE Commercial Companies Law, the SCA regulations, and the ADX listing rules. We ensure that our Nomination & Remuneration Committee follows the Corporate Governance Code issued by the SCA and that our executive remuneration policies are aligned with the Principles of Responsible Investment (PRI) and the Sustainability Accounting Standards Board (SASB) standards.



## ANTI- MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM AND ILLEGAL ORGANISATIONS

Hily Holding PJSC is fully compliant with the Federal Decree-law No. (20) of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Financing of Illegal Organizations. We have registered on the 'GOAML' portal, which is mandatory for all Relevant Persons, including Designated Non-Financial Businesses (DNFBPs), such as Foodco Holding Company and Danaplaza Company.

As a DNFBP, we have implemented robust customer due diligence (CDD) procedures to identify and verify our customers' identity. We have established an internal supervision system to monitor and report any suspicious transactions to our Compliance Officer, who is responsible for reporting such activities directly to the Financial Intelligence Unit (FIU) of the UAE Central Bank through the approved electronic system or any means approved by the FIU.

Our Compliance Officer is well-versed in the regulatory requirements and has been trained to carry out their tasks effectively. They are responsible for overseeing our compliance with the anti-money laundering and counter-terrorism financing regulations, ensuring that our risk management and internal control systems are adequate, and addressing any issues that arise.

We have also identified high-risk jurisdictions and implemented additional measures to mitigate the associated risks. We believe that our compliance with these regulations demonstrates our commitment to responsible corporate citizenship and sustainable business practices. We are committed to continuously reviewing and enhancing our risk management and internal control systems to ensure they comply with the latest regulations and ESG reporting standards.



**The External Auditor KPMG**



Our external auditor KPMG operates in compliance with International Standards on Auditing (ISA) and the United Arab Emirates' laws and regulations, including the Securities and Commodities Authority (SCA) regulations. We ensure that our external auditor has the necessary resources and expertise to conduct high-quality audits that are in compliance with international accounting principles and provide transparency and reliability to our financial reporting

**Audit Committee**

Our Audit Committee operates in compliance with the UAE Commercial Companies Law, the SCA regulations, and the Abu Dhabi Securities Exchange (ADX) listing rules. In addition, our Audit Committee follows the International Framework for Assurance Engagements issued by the International Auditing and Assurance Standards Board (IAASB). We ensure that our Audit Committee has the necessary resources and expertise to oversee our financial reporting, internal controls, and risk management practices.

**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**



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

Our Insiders' Trading Follow-up & Supervision Committee operates in compliance with the UAE Commercial Companies Law, the SCA regulations, and the ADX listing rules. We ensure that our Committee follows the guidelines issued by the SCA and the Dubai Financial Services Authority (DFSA) on the prevention of insider trading and that our insider trading policies are aligned with the ESG reporting standards issued by the Global Reporting Initiative (GRI)

**Internal Control System**

Our Internal Control System operates in compliance with the UAE Commercial Companies Law, the SCA regulations, and the ADX listing rules. We ensure that our internal controls are in line with the International Framework for Internal Control issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). We also follow the sustainability reporting guidelines issued by the GRI, which include reporting on our internal control system and risk management practices.



# Information Technology Risk Management System

Our IT management system involves managing the IT infrastructure, applications, and services that support our organization's operations

Our system includes identifying IT risks, assessing their likelihood and impact, and implementing appropriate controls to manage and mitigate them.

Our IT management system aligns with global standards to ensure the confidentiality, integrity, and availability of information assets.

Our system includes implementing access controls, encryption, data backup, and disaster recovery measures to ensure business continuity in case of IT incidents

Our IT management system supports the achievement of the United Nations Sustainable Development Goals (SDGs), particularly SDG 9 on industry, innovation, and infrastructure, and SDG 12 on responsible consumption and production.

Our IT management system is reported on in accordance with the Global Reporting Initiative (GRI) standards, which emphasize the importance of managing risks related to information security and data privacy (GRI 417).

Our Effective IT management system enhances the reliability and efficiency of operations, contributes to the sustainable development of the organization and stakeholders, and protects the reputation of the organization.

**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE



**12** RESPONSIBLE CONSUMPTION AND PRODUCTION



## Forward by Group IT Manager

Hily Holding recognizes the importance of IT risk management in ensuring the security and reliability of our information systems. Our currently running applications are critical components of our operations, and we have implemented measures to manage the associated IT risks. Our IT risk management approach involves identifying potential risks, assessing their likelihood and potential impact, and implementing appropriate risk mitigation measures. We adhere to global standards, to ensure the confidentiality, integrity, and availability of our information assets. We have implemented access controls, encryption, data backup, and disaster recovery measures to ensure business continuity in case of IT incidents. Our IT risk management strategy aligns with the United Nations Sustainable Development Goals (SDGs) related to digital transformation and innovation (SDG 9) and responsible consumption and production (SDG 12). We also report on our IT risk management practices in accordance with the Global Reporting Initiative (GRI) standards, which emphasize the importance of managing risks related to information security and data privacy (GRI 417). By managing IT risks effectively, we can enhance the reliability and efficiency of our operations, contribute to the sustainable development of our business and stakeholders, and protect our reputation.



**Huiam Abdalla**  
Group IT Manager

**0** in 2022

**Total incident of Customer's data being compromised.**

## Supporting Human Rights

At Hily Holding, we are committed to upholding the human rights of all individuals associated with our operations. We have implemented various policies and procedures to ensure the protection of our employees and other stakeholders, including codes of ethics and conduct, anti-harassment policies, and compliance with the UAE labour law. Our suppliers are also required to adhere to our management code of conduct.

In addition to these policies, we provide training to our operations staff to ensure they are equipped with the necessary knowledge and skills to comply with our human rights standards. We are aligned with the SDGs and UAE 2021 Vision and strive to ensure that our operations are consistent with these goals.

During the COVID-19 pandemic in 2022, we continued to prioritize the protection of human rights by implementing measures to ensure the health and safety of our employees, including the provision of personal protective equipment and remote work options. We also recognized and rewarded employees who demonstrated exceptional commitment to health and safety practices during this challenging time.

Furthermore, we prioritize personal health and safety on the road by providing our drivers with training and support to ensure safe driving practices. We are committed to managing key risks associated with our warehousing and FMCG food and non-food operations and have established an HSE committee to oversee our health and safety practices.

## Our Customers and Operational Excellence

At Hily Holding, we prioritize customer satisfaction and work tirelessly to ensure that our customers are provided with high-quality products and services. Our commitment to quality is reflected in our exceptional track record of customer satisfaction, which reached 95% in 2022.

We achieved this impressive rating through various initiatives, including excellent warehousing facilities that enable us to maintain the quality of our products. Our focus on ensuring the highest quality rice and FMCG products further enhances our customers' experience.

Our customer care team ensures that we are responsive to customers' needs, addressing any concerns or questions they may have. We value open communication with our customers, and our efforts to improve communication channels have contributed to our high satisfaction rates. Our commitment to customer satisfaction extends beyond the provision of quality products and services. We also adhere to the highest ethical standards, ensuring that our customers' rights are protected at all times. Our codes of ethics and conduct, as well as compliance with UAE labour laws, ensure that our employees provide services that meet the highest standards of customer satisfaction.

Through our commitment to customer satisfaction and high ethical standards, we align with the UAE 2021 vision and SDGs, which promote sustainable development and ethical business practices.

# Supporting Human Rights, Decent Work and Economic Growth, Gender Equality

Hily Holding PJSC is committed to aligning our business operations with the UAE's 2021 National Vision, as well as the United Nations' Sustainable Development Goals (SDGs) 3, 5, and 8. In 2022, we made significant progress in implementing our policies and achieving our sustainability goals.



Under SDG 3, we have implemented several initiatives to promote the health and well-being of our employees, customers, and the community. We have established a comprehensive workplace health and safety program, including regular training and awareness sessions, to ensure a safe and healthy work environment. We have also introduced several health and wellness programs, including access to health clinics, healthy eating options, and fitness programs for our employees.



In line with SDG 5, we are committed to promoting gender equality and empowering women in our workforce. We have implemented policies to ensure equal pay and opportunities for all our employees, regardless of gender. We have also launched several initiatives to support the professional development of women, including mentoring and leadership programs.



In support of SDG 8, we are committed to promoting sustainable economic growth and decent work for all. We have implemented responsible business practices, including ethical sourcing, fair labor practices, and environmental stewardship. We have also invested in training and development programs for our employees to ensure they have the necessary skills to succeed in their roles and contribute to our growth.



We are proud of our progress in 2022 and remain committed to our sustainability goals. We will continue to review and enhance our policies and practices to ensure they align with the UAE's 2021 National Vision and the SDGs. We believe that our commitment to responsible business practices and sustainable development will help us achieve long-term success and contribute to the prosperity of our stakeholders and the wider community.

# Hily Holding Culture of Supporting Human Right, Decent Work and Economic Growth, Gender Equality

Treat others with dignity and respect at all times

Address and report inappropriate behavior and comments that are discriminatory, harassing, abusive, offensive or unwelcome.

Foster teamwork and employee participation, encouraging the representation of different employee perspectives

Seek out insights from employees with different experiences, perspectives and backgrounds

Support flexible work arrangements for co-workers with different needs, abilities and/or obligations

Confront the decisions or behaviors of others that are based on conscious or unconscious biases

Be open-minded and listen when given constructive feedback regarding others' perception of your conduct.



# Responsible Marketing

At Hily Holding, we believe in responsible marketing practices that prioritize ethical considerations and social responsibility. Our marketing efforts are guided by our commitment to sustainable development and are aligned with the SDGs and UAE 2021 Vision.

We aim to create marketing campaigns that are truthful, transparent, and respectful of all individuals and communities.

We strive to avoid any marketing practices that could be deemed harmful or offensive, including misrepresentation, false advertising, or discriminatory messaging.

To ensure compliance with our responsible marketing practices, we have developed a code of conduct that all employees and third-party partners must follow. We also conduct regular training sessions to raise awareness of the importance of ethical marketing practices.

Our efforts have been recognized by our customers, who have reported high levels of satisfaction with our marketing campaigns. We believe that responsible marketing is not only the right thing to do, but it is also good for our business and the communities we serve.

# Some of Our Key Partners



## Encouraging customer feedback and engagement

We actively sought out customer feedback in 2022 and encouraged engagement through social media and other channels. This helped us understand our customers' needs and preferences better and improve our products and services accordingly.



## Supporting responsible sourcing and production

We made a concerted effort in 2022 to support responsible sourcing and production practices. This included sourcing products from suppliers who use sustainable and ethical production methods and supporting local producers and artisans.



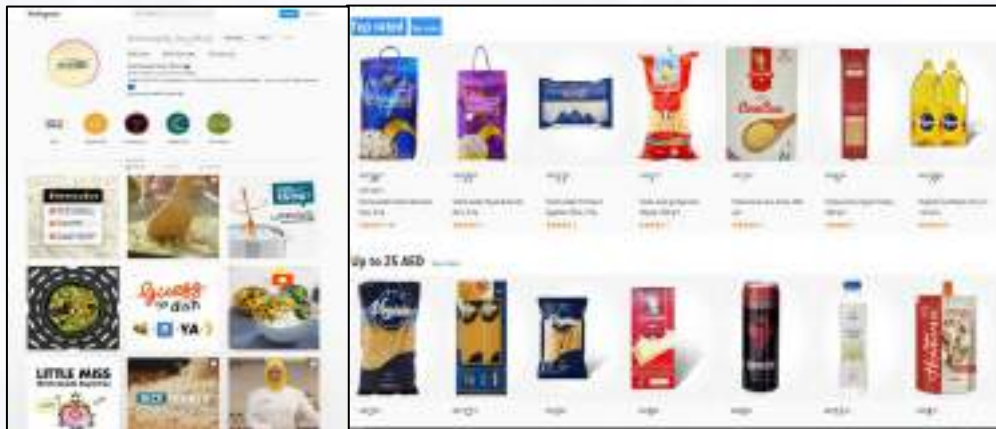
## Avoiding offensive or discriminatory content

Our marketing campaigns in 2022 were designed to avoid any offensive or discriminatory content. We were mindful of cultural and social sensitivities and made sure our campaigns were inclusive and respectful to all customers.



## Providing clear and accurate product information:

In 2022, we ensured that all product information displayed in our stores, on our website, and on e-commerce platforms was clear, accurate, and up-to-date. This helped customers make informed decisions about the products they were purchasing.



## Promoting healthy and sustainable products

We made a conscious effort to promote and market healthy and sustainable products in 2022. This included highlighting organic and locally-sourced products, as well as products with reduced sugar, salt, and fat content.



## Avoiding false or misleading claims

Our marketing campaigns in 2022 were carefully crafted to avoid making any false or misleading claims about our products or services. This helped us build trust with our customers and avoid any potential legal issues.



## Educating customers about responsible consumption

We launched a series of educational campaigns in 2022 to help our customers understand the importance of responsible consumption. These campaigns included information about portion control, waste reduction, and recycling.



# Fostering Diverse, Healthy and Safe Communities

Fostering diverse, healthy, and safe communities is a key priority for Hily Holding PJSC, in alignment with the United Nations' Sustainable Development Goals (SDGs) and the UAE Vision 2021. We believe that building inclusive and diverse communities is essential for promoting social and economic development and creating a better future for all.

Under SDG 3, we are committed to promoting health and well-being by providing safe and healthy work environments for our employees, implementing wellness programs, and supporting community health initiatives. We believe that healthy communities are essential for promoting sustainable economic growth and building resilient societies.

Under SDG 5, we are committed to promoting gender equality and empowering women. We believe that diverse and inclusive communities are essential for creating equal opportunities and promoting social and economic development. We have implemented policies to ensure equal opportunities for all employees, regardless of gender, and launched several initiatives to support the professional development of women.

Under SDG 11, we are committed to promoting sustainable cities and communities by creating safe and inclusive environments for all. We believe that safe and diverse communities are essential for creating sustainable economic growth and promoting social cohesion. We have implemented policies and practices to ensure the safety and well-being of our employees and the communities in which we operate.

As a responsible corporate citizen, we are committed to promoting diverse, healthy, and safe communities through our business operations and community initiatives. We believe that our commitment to sustainable development will help us achieve long-term success and contribute to the prosperity of our stakeholders and the wider community

## Fostering diverse, healthy and safe communities

Our People

Training & Development

Health & Safety

Community Engagement

## UAE National vision 2021 Pillars

Cohesive Society and Preserved Identity  
Competitive Knowledge Economy

## Material Topics

Workplace diverse and Equal Opportunities

Employee development & retention

Employee engagement & well-being

Workplace health & safety

Food security

Community contribution & investment





# Our People



**355**  
**Employees**  
work at Hily Holding  
P.J.S.C



**65 New**  
**Employees**  
joined us this year



**13%**  
Turnover rate

At Hily Holding PJSC, we are committed to creating a safe, inclusive, and diverse workplace that promotes gender equality, human rights, and employee well-being. We believe that our employees are our most valuable asset, and their safety and well-being are essential for our long-term success.

To ensure the safety of our employees, we have implemented rigorous safety protocols across all our operations, including regular safety training and the use of personal protective equipment. We also provide our employees with access to health and wellness programs, mental health support, and other resources to support their physical and mental well-being.

We are committed to promoting gender equality and empowering women in the workplace. We have implemented policies and programs to ensure equal opportunities for all employees, regardless of gender, and launched several initiatives to support the professional development of women. We believe that creating a diverse and inclusive workplace is essential for promoting social and economic development.

During the difficult times of the COVID-19 pandemic in 2022, we supported our employees by implementing flexible work arrangements, providing them with access to health and safety resources, and launching several initiatives to support their mental health and well-being. We believe that caring for our employees during challenging times is essential for creating a resilient and sustainable workplace.

As a responsible corporate citizen, we are committed to promoting safety, gender equality, human rights, and diversity in the workplace and supporting our employees during difficult times. We believe that our commitment to our employees' well-being will help us achieve long-term success and contribute to the prosperity of our stakeholders and the wider community.

Although we have seen an increase of resignation by 25% due to triboulet market conditions as result of post pandemic, however, we have welcomed 45 new employees

## BENEFITS & COMPENSATION

In addition, employees have the option to carry forward unclaimed leave days into the following calendar year.

Our competitive compensation scheme includes housing and transportation allowances, long term incentive plans for senior management, performance-based annual bonus, sales and other incentives, overtime (as per the Labour Law), schooling assistance, family airfare, life insurance, in addition to comprehensive medical insurance for employees and their families.

At Hily Holding, we adopt enhanced and inclusive policies as well as infrastructural support for our employees, including but not confined to:

- Annual leave of 30 working days per year
- Sick leave
- Compassionate (Bereavement) leave
- Study leave
- Wedding (marriage) leave
- Medical escort leave
- Haj leave
- Maternity leave of 60 calendar days
- Three days' paternity leave

Full Time Employees	
2020	314
2021	330
2022	355

Part-Time Employees	
2020	0
2021	0
2022	0

Total New Hired Employees	
2020	15
2021	17
2022	65

Voluntary Turnover rate	
2020	11%
2021	10%
2022	13%

# Gender Equality

At Hily Holding PJSC, we are committed to promoting gender equality and empowering women across our operations. Our efforts are in line with the United Nations Sustainable Development Goal 5 (SDG 5) on gender equality, which aims to eliminate all forms of discrimination against women and girls. Additionally, our initiatives align with the UAE Vision 2021 pillar of a cohesive society and a safe and just community.

**We are proud to report that in 2022, we increased the number of newly hired female employees by 7%**, reflecting our commitment to promoting diversity and inclusion in our workforce. At the same time, we have implemented policies and programs aimed at creating a safe, supportive, and inclusive workplace culture that promotes equal opportunities for all employees, regardless of gender.

We believe that gender equality is not only a fundamental human right, but it is also essential to driving sustainable business growth and innovation. We are committed 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
2020	2%	5%
2021	1%	3%
2022	8%	5%

## Full Time Employees by Gender

Year	Male	Female
2020	93%	7%
2021	94%	6%
2022	87%	13%

## Part-Time Employees by Gender

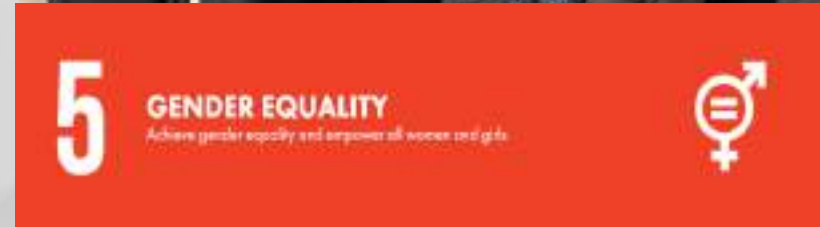
Year	Male	Female
2020	0	0
2021	0	0
2022	0	0

## Total New Hired Employees by Gender

Year	Male	Female
2020	96%	4%
2021	98%	2%
2022	80%	20%

## Voluntary turnover rate by Gender

Year	Male	Female
2020	3%	5%
2021	4%	3%
2022	11%	2%



# Age Diversity

At Hily Holding PJSC, we recognize the importance of promoting age diversity and creating an inclusive workplace culture that caters to employees of all ages. As part of our commitment to diversity and inclusion, we strive to attract, develop, and retain talent from a wide range of age groups.

**We are proud to report that 37% of our employees are under the age of 30,**

and we have further increased our commitment to age diversity by hiring

**70% of our new employees under the age of 30 in 2022.**

These initiatives align with the United Nations Sustainable Development Goal 8 (SDG 8) on decent work and economic growth, which emphasizes the importance of promoting inclusive and sustainable economic growth and employment opportunities for all.

We believe that age diversity not only promotes a more vibrant and dynamic workplace culture but also supports innovation and creativity. We are committed to fostering an inclusive work environment that values the unique perspectives and experiences of all employees, regardless of age. This commitment is reflected in our policies and programs aimed at creating an inclusive work environment that promotes equal opportunities and supports the professional development and growth of all employees.

## 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%



## 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%

## 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%

# Fostering Inclusion



At Hily Holding, we are committed to creating a culture of respect and inclusivity, where all employees feel valued and supported. We believe that by fostering a diverse and inclusive workplace, we can create a stronger, more innovative, and sustainable business for the future.

At Hily Holding, we are committed to fostering a diverse and inclusive workplace, in line with UAE Vision 2021 and SDG 10. We believe that a diverse workforce enhances creativity, innovation, and productivity, and we have taken several steps to ensure that we are a welcoming and inclusive employer for people from all backgrounds.

In 2022, we were pleased to see a significant increase in the number of nationalities represented in our workforce. **From 19 nationalities in the previous year, we now have 23 nationalities** working across our businesses.



This represents an **increase of 21%** in the diversity of **our workforce**, demonstrating our commitment to welcoming individuals from all parts of the world.

Furthermore, we are proud to have a team that includes **5% of local UAE** nationals, as well as 95% of expats, as we believe that this mix of talent and experience is essential to our success.

We will continue to strive to increase the representation of local UAE nationals in our workforce in the coming years.

**23 Different Nationalities**  
working at Hily Holding

Employees by Origin		
Year	UAE Nationals	Expats
2020	2%	98%
2021	3%	97%
2022	5%	95%

# Training & Development

At Hily Holding, we believe that investing in our employees' development is crucial for the company's success and growth. In 2021, we launched a comprehensive training program that covered various areas, including health, safety, and environment (HSE), finance and risk control, and merchandising.

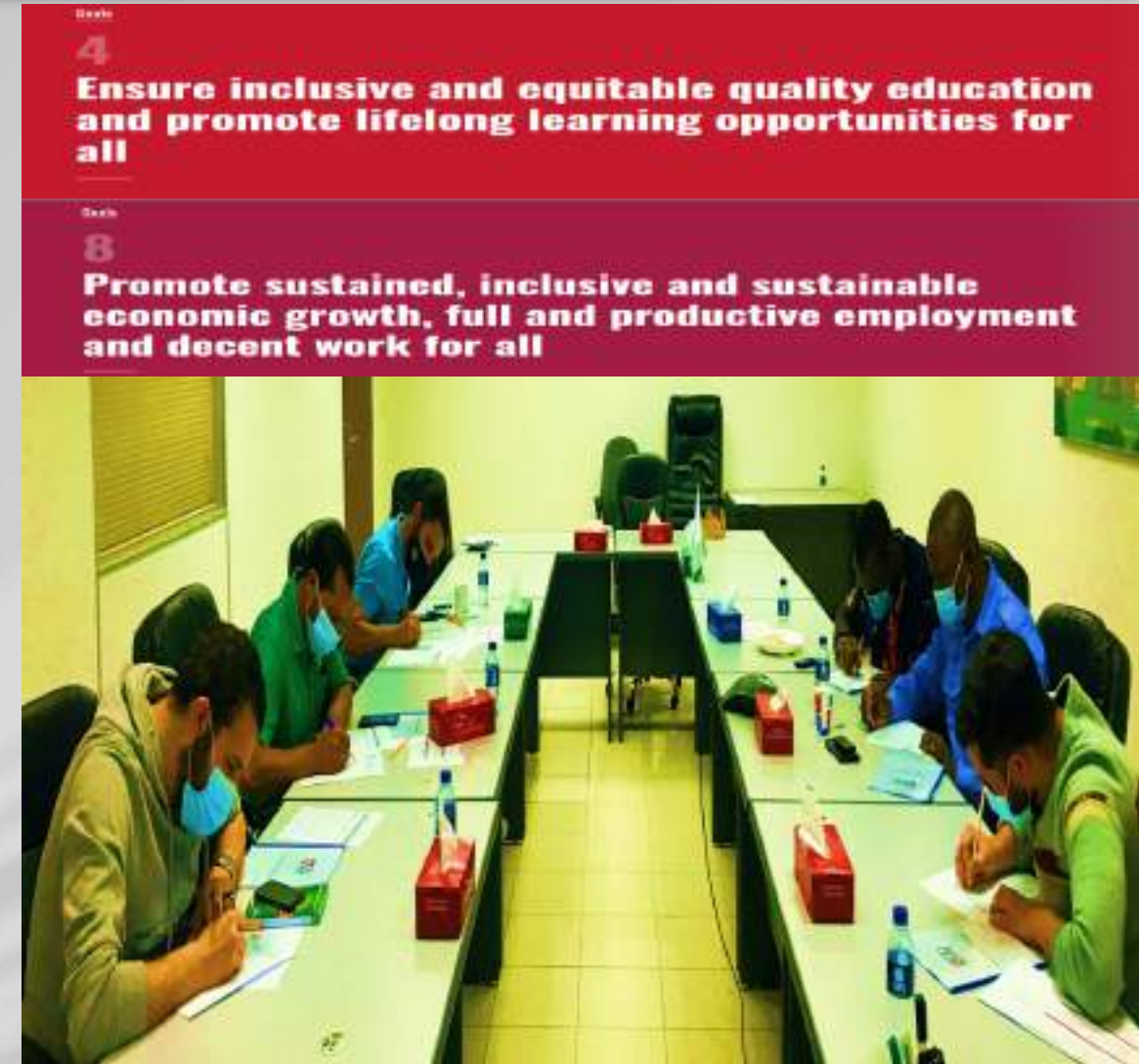
Through this program, we were able to provide our employees with the necessary skills and knowledge to perform their roles effectively and efficiently.

In 2022, we continued to prioritize our training program and increased the number of training hours from 600 to 750. This increase in training hours allowed us to cover more topics and provide more opportunities for our employees to learn and develop their skills. We are proud to report that our training program has yielded positive results, including improved job performance, increased employee satisfaction, and reduced turnover.

**750**  
Training  
house in 2022

Training hours conducted annually		
Year	Internal training	External training
2020	150	200
2021	280	320
2022	400	350

Our commitment to employee development is aligned with the UAE Vision 2021, which aims to develop a knowledge-based economy and a skilled workforce. Additionally, our training program supports several SDGs, including Goal 4 (Quality Education) and Goal 8 (Decent Work and Economic Growth). We will continue to invest in our employees' development to foster a culture of continuous learning and growth at Hily Holding.



# Training & Development

**Food Safety:** This training program focused on educating employees on safe food handling practices, proper storage, and correct temperature control. The objective was to ensure that all employees understand the importance of food safety, comply with regulatory requirements, and provide safe and high-quality products to customers.

**Merchandising:** This training program focused on equipping employees with the necessary knowledge and skills to effectively showcase products in the store. The objective was to enhance the customer experience and increase sales.

**Emergency Preparedness:** This training program focused on preparing employees for emergencies such as natural disasters or accidents in the workplace. The objective was to ensure that employees know how to respond in an emergency, minimize damage to the workplace, and ensure the safety of employees and customers.

**HACCP Training:** Hazard Analysis and Critical Control Points (HACCP) is a food safety management system that identifies and prevents potential hazards in the food production process. The objective of this training was to ensure that all employees understand the HACCP principles, comply with regulatory requirements, and maintain high-quality products.

**Leadership Development:** This training program focused on developing leadership skills among employees to improve their performance and productivity. The objective was to empower employees to take on leadership roles within the organization and contribute to its success.

**Anti-Money Laundering:** This training program focused on educating employees on how to detect and prevent money laundering activities. The objective was to ensure that the organization complies with regulatory requirements and operates ethically.

**IT Security:** This training program focused on educating employees on the importance of protecting sensitive information, such as customer data and financial records. The objective was to minimize the risk of cyber attacks and maintain the integrity and confidentiality of company information.

**HSE: Health, Safety, and Environment (HSE)** training focused on educating employees on how to maintain a safe and healthy work environment, comply with regulatory requirements, and prevent accidents and injuries. The objective was to ensure the safety and well-being of employees and customers.

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.



## PERFORMANCE MANAGEMENT

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.

### Performance Management Input

- Performance against business and performance objectives
- Demonstrating of Values
- Competency Assessment

### Performance management Output

- PDR Rating
- Business Objectives for coming year
- Development Objectives

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

# Health & Safety at Hily Holding

## HSE Practices

At Hily Holding, we prioritize the health and safety of our employees and customers. In 2022, we continued to implement various health and safety practices to ensure a safe working environment for everyone.

## Values in Action

We conducted regular inspections, coaching, and training sessions to educate our employees on the importance of safety protocols and compliance with relevant regulations. We also developed a comprehensive safety strategy that included risk assessment, hazard identification, and mitigation measures.

## The outcomes

As a result of our efforts, we are proud to report that we achieved zero vehicle accidents and zero lost time injuries (LTI) in 2022.

We were also able to improve our vehicle breakdown rates, ensuring a more reliable and safe transportation system for our employees and customers.

## Training

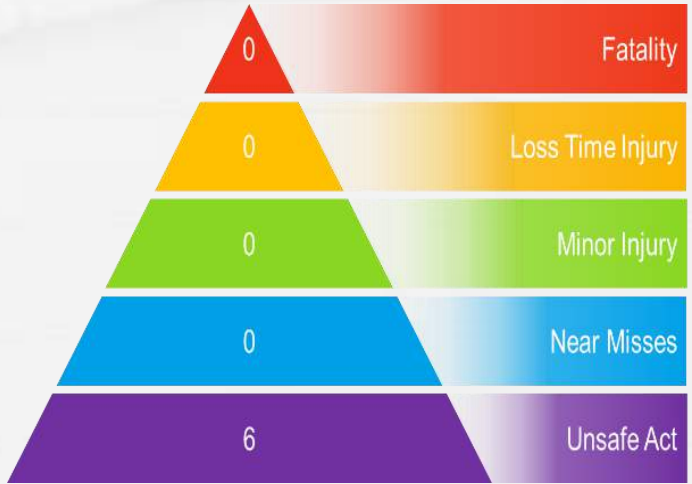
We attribute our success to the rigorous safety training program that we have in place for our drivers, and our commitment to continuously improving our safety practices.

## Practices

Our health and safety practices not only contribute to our organizational objectives, but also align with SDG 3 - Good Health and Well-being, and UAE Vision 2021 pillar of world-class healthcare

Health and Safety Matrix	2020	2021	2022
Number of lost days from LTIs	0	0	0
Number of fatalities	0	0	0
Number of near misses	0	0	0
Number of Unsafe Act	6	6	6
Number of vehicle accidents	5	6	0
Number of Vehicle Violations	67	66	35

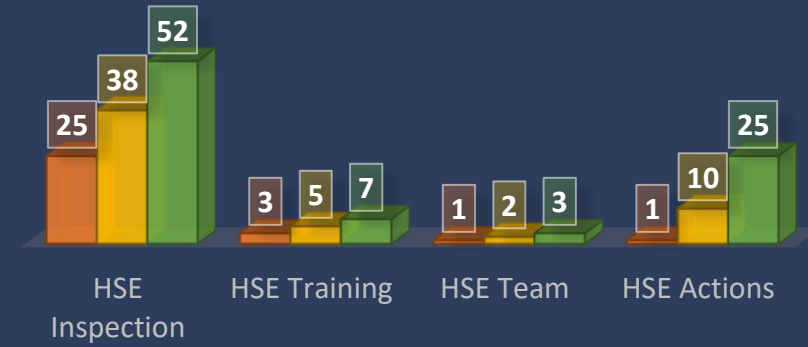
**3**  
**Ensure healthy lives and promote well-being for all at all ages**



# Health & Safety at Hily Holding

## HSE PRACTICES

2020 2021 2022



### HSE Inspections carried out by HSE Committee

2020	25
2021	38
2022	52

### HSE Strategy implementation effectiveness

2020	89%
2021	90%
2022	94%





# Health & Safety at Hily Holding

## Managing key risks of warehousing:

In 2022, we continued to focus on managing the key risks associated with warehousing, including manual handling, working at height, and forklift truck operations. We conducted regular risk assessments, provided appropriate training to employees, and implemented safety measures such as safety barriers and signage.

## HSE in FMCG food and non-food:

As a company operating in the fast-moving consumer goods (FMCG) industry, we recognize the importance of managing risks associated with the storage and handling of both food and non-food products. In 2022, we continued to implement best practices in this area, including regular inspections, temperature monitoring, and adherence to strict hygiene standards.

## HSE committee:

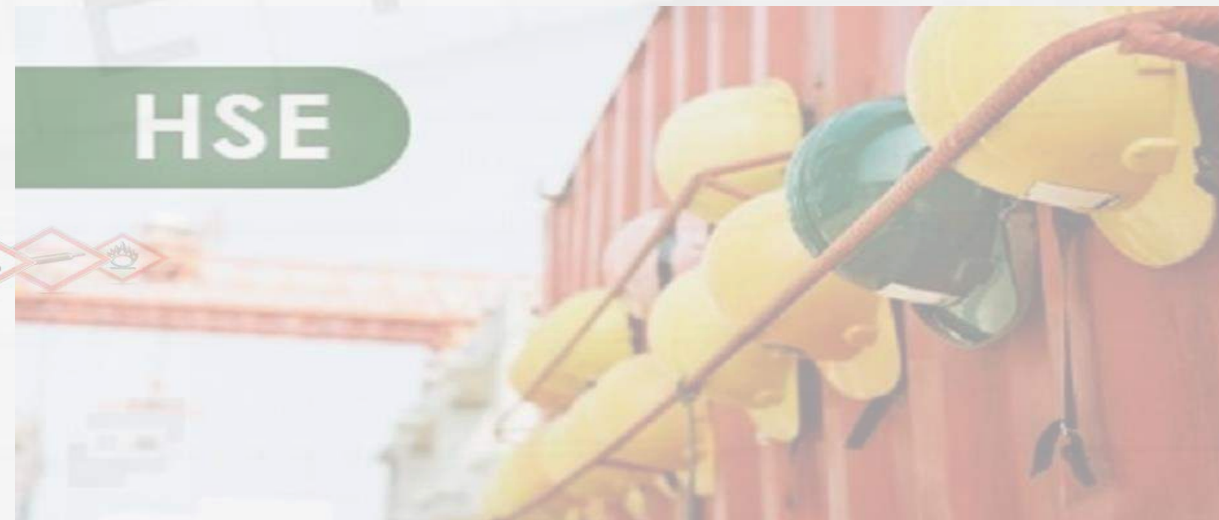
Our Health, Safety, and Environment (HSE) committee continued to meet regularly in 2022 to review and improve our HSE policies and procedures. The committee is made up of representatives from across the organization and ensures that we remain committed to maintaining a safe and healthy work environment.

## Reward and recognition of health and safety practices during COVID-19:

In recognition of the challenges posed by the COVID-19 pandemic, we implemented a program to reward and recognize employees who went above and beyond in their commitment to health and safety practices. This included measures such as enhanced cleaning and disinfection, social distancing, and the use of personal protective equipment.

## Personal health and safety on the road:

As part of our commitment to employee health and safety, we implemented measures to ensure that employees who drive for work purposes are properly trained and equipped. This includes regular vehicle inspections, defensive driving training, and the provision of personal protective equipment such as high-visibility clothing and safety footwear. In 2022, we continued to achieve zero vehicle accidents and zero lost time injuries (LTIs) on the road.



# Innovation and Reengineering Product Quality & Sustainability



At Hily Holding, we are committed to continuously improving our products and services to meet the evolving needs and preferences of our customers, while also minimizing our impact on the environment and promoting sustainability. In line with this commitment, we have been investing in innovation and reengineering efforts to enhance the quality, safety, and sustainability of our products across all our business lines, including Warehousing, FMCG, and Logistics. By leveraging advanced technologies and data analytics, we aim to reduce waste, optimize resource utilization, and improve the overall value proposition of our products for customers and stakeholders. In this brief, we will highlight some of our key initiatives and achievements in this area in 2022, aligned with the UAE 2021 Vision and the United Nations Sustainable Development Goals

## Material Topics

Product Quality & Safety

Healthy Products

Responsible Supply Chain Management

Innovation

## UAE National vision 2021 Pillars

Sustainable Environment & Infrastructure  
Competitive Knowledge Economy



## Hily Holding Quality & Food Safety Management Approach



Our employees undergo regular training and competency assessments on food safety practices to ensure they are up-to-date on the latest standards and regulations.



We have implemented a Hazard Analysis and Critical Control Points (HACCP) system to identify, evaluate, and control food safety hazards throughout the supply chain



We have a comprehensive quality management system in place to monitor and measure the effectiveness of our food safety controls and to identify opportunities for improvement.

We engage with our suppliers to ensure they meet our standards for food safety and quality, and we regularly audit their facilities to verify compliance.



### QUALITY CONTROL

- Product Specification / Standards
- Certifications
- Health Status
- Employee Personal Hygiene rules and Health requirements
- Medical Check – up
- Personal Cleanliness
- Personal Behavior
- Food Hygiene Training Program



We have a culture of continuous improvement when it comes to food safety and quality, and we encourage feedback and suggestions from employees at all levels of the organization.

# Hily Holding Quality & Food Safety Management Approach

**Quality and Food Safety Culture:** We have established a culture of quality and food safety throughout our organization, ensuring that all employees are trained and committed to upholding high standards of food safety and quality.

**Design Warehousing:** Our warehousing is designed with food safety and quality in mind, including features such as temperature control, proper storage, and regular inspections to maintain optimal conditions.

**Regulatory Compliance as Certified ISO QMS, Food Safety, HACCP:** We are committed to meeting all relevant regulatory requirements for food safety and quality, and we have achieved certification for ISO Quality Management System, Food Safety, and HACCP to ensure we maintain the highest standards.

**Testing Laboratories of Municipality or International Labs such as SGS and Intertek:** We use both local and international testing laboratories to ensure the accuracy and reliability of our testing procedures for food safety and quality.

**Vendor Assurance Management:** We have a robust vendor assurance management program in place to ensure that all suppliers and vendors meet our high standards for food safety and quality. This includes regular audits, inspections, and monitoring of supplier performance

Year	Customer complaint per a million-product sold
2020	3%
2021	1.3%
2022	0.87%

# 95%

Customer Satisfaction in 2022

Hily Holding is committed to ensuring the highest quality standards in its products and services. We have implemented a range of policies and procedures to ensure quality assurance and quality control, including:

- 1. Quality Policy:** This policy outlines our commitment to meeting and exceeding customer expectations by maintaining the highest standards of quality in all aspects of our operations.
- 2. Quality Management System (QMS):** Our QMS is certified to ISO 9001 standards and provides a framework for continuous improvement in our processes and systems.
- 3. Food Safety Policy:** This policy sets out our commitment to ensuring the safety of our food products and compliance with all relevant food safety regulations.
- 4. HACCP Policy:** Our Hazard Analysis and Critical Control Points (HACCP) policy outlines the process we use to identify and control food safety hazards.
- 5. Vendor Assurance Policy:** This policy outlines the process we use to ensure the quality and safety of the products we source from our suppliers.
- 6. Laboratory Testing Policy:** We conduct testing on our products using both municipal and international labs such as SGS and Intertek to ensure compliance with food safety standards.

Through the implementation of these policies, we are able to maintain strict control over our operations, ensuring that we consistently meet or exceed the quality expectations of our customers.

# Product Reengineering and Innovation

At Hily Holdings, we are committed to continuously improving and innovating our products to meet the evolving needs and preferences of our customers. In 2022, we undertook a product reengineering initiative to enhance the quality, taste, and sustainability of our existing product portfolio, as well as to introduce new and exciting products to the market.

As part of this initiative, we added 7 new SKUs (Stock Keeping Units) to our product portfolio, which were developed based on extensive research and analysis of market trends and customer feedback. These new products range from healthier snack options to more sustainable and eco-friendly packaging solutions.

In addition to introducing new products, we also reengineered several of our existing products to improve their quality and taste. This involved extensive testing and analysis of ingredients, production processes, and packaging, as well as collaboration with our suppliers to ensure the highest quality and sustainability standards.

Our commitment to product reengineering is guided by our ISO-certified quality management system, which includes policies and procedures for quality assurance and control at every stage of the product lifecycle. By continuously improving and innovating our products, we aim to provide our customers with the highest quality and most sustainable products possible.

High Quality 100% ECO Friendly  
OXO Biodegradable Garbage Bags.

These bags are environment friendly  
and do not leave any toxic residue  
or fragments of plastic behind.



## Shehrazade Brown Rice Launch



## Shehrazade Saffron Launch



## Shehrazade Revamp



## Shehrazade Revamp



7

New SKUs in 2022

# Preserving and Protecting the Environment



In 2022, Hily Holding has continued its commitment to preserving and protecting the environment through a range of initiatives. These initiatives align with the UAE Vision 2021 and the United Nations Sustainable Development Goals (SDGs), and focus on reducing our carbon footprint, conserving resources, and promoting sustainable practices. Our efforts have included implementing energy-efficient technologies, reducing waste, promoting recycling and composting, and educating our employees and stakeholders on sustainable practices. Through these initiatives, we aim to contribute to a healthier and more sustainable future for our communities and the planet.

## Material Topics

- Climate Change Mitigation and resilience
- Operational Waste Management
- Water Stewardship
- Food Waste Reduction and Circular Economy

## UAE National vision 2021 Pillars

- Sustainable Environment & Infrastructure
- Competitive Knowledge Economy



# Preserving & Protecting the Environment

## Facilities management Framework

At Hilly, we prioritize the implementation of sustainable practices in our facilities management framework. Our commitment to protecting the environment and reducing our carbon footprint is reflected in our ongoing maintenance and repair processes, which are performed regularly. We strive to reduce waste and promote sustainability by reusing as much of the original structure as possible in any refurbishment projects. Our interior designs and renovations are also executed with the aim of being as sustainable, energy-saving, and long-lasting as possible. We use environmentally friendly materials as per specifications, which are chosen to minimize our impact on the environment.

To further our efforts towards energy efficiency, we ensure that all appliances used in our facilities are energy efficient. Additionally, we have installed water savers in all areas to reduce water consumption as part of our sustainability plan. We replace traditional lighting fixtures with LED lights and motion sensors where applicable, to reduce energy consumption.

Our designs and materials are continually reviewed to ensure they align with eco-friendly and sustainability management guidelines. We understand the importance of creating a comfortable work environment for our employees, which is why we have incorporated natural plants in our offices, which also serve as a visual reminder of our commitment to environmental protection. We have recently renovated our locations to have eco-friendly mattresses and LED fixtures, which adds to the sustainability of our facilities.

In summary, our facilities management framework is designed to prioritize environmental protection, energy efficiency, and sustainability. Our approach includes ongoing maintenance, refurbishments with an emphasis on sustainable practices, and the use of eco-friendly materials. We continuously review our designs and materials to ensure they align with sustainability management guidelines, and we have incorporated features such as natural plants and energy-efficient lighting to create a comfortable work environment for our employees.



**Mr. Ahmed Ayad**  
General Manager

## Meet Our Team Leading Environmental Management & Excellence



**Eng. Mahmoud Ghoneim**  
Facilities Manager

## Disaster Management & Emergency Response

At Hilly and its subsidiaries, we understand the importance of disaster management and emergency response in ensuring the safety of our employees, customers, and assets. That is why we have implemented a comprehensive Disaster and Emergency Plan in accordance with the guidelines of the UAE government and recommendations from our Quality and HSE team.

Our team of emergency responders is well trained and equipped to handle various emergency situations that may arise, including natural disasters, fires, and medical emergencies. To ensure the effectiveness of our emergency response system, we conduct regular mock drills and tests of our safety equipment and alarms. The results of these drills and tests are carefully reviewed and assessed, and any necessary updates or improvements are made to the Disaster and Emergency Plan. Our commitment to regular training and testing ensures that our emergency response team is always prepared and capable of quickly and effectively responding to any emergency situation.

In addition, we also place a strong emphasis on continuous improvement of our Disaster and Emergency Plan to ensure that it remains up-to-date with the latest best practices and guidelines. This ensures that we are always ready to respond to any emergency situation and protect the safety of our employees, customers, and assets.

# Our Environmental Performance

## Conserve Resources and Waste Reduction

The following practices are implemented to conserve resources and reduce waste:

- Management of black and gray wastewater is carried out in a non-polluting manner by the city and does not pose a threat to public health. Compliance with this practice is mandatory as per UAE law. To conserve major resources like energy and water, most areas are provided with LED lights and water savers, and outdoor lighting is controlled by a timer.
- We strive to minimize our use of printed materials and prefer to communicate through our website, which is CO2 neutral. Our suppliers are encouraged to bring their products in reusable crates and cases, and we aim to increase their awareness to avoid unnecessary packaging materials.
- To reduce energy consumption, refrigerators and freezers are constantly monitored by the culinary staff, and motion sensors have been installed in some areas. We are considering the feasibility of extending this system to cover more areas.
- Energy-efficient equipment is purchased wherever possible and used only when needed.
- To prevent water waste, an active system will be installed in the future to detect and repair any leaking toilets, faucets, and showerheads in our buildings.

By implementing these practices, we are committed to conserving resources, reducing waste, and contributing to a more sustainable future.

## Waste Management

Waste management is an essential aspect of environmental protection, and waste streaming is a highly effective way of reducing waste. The segregation of waste plays a vital role in reducing, reusing, and recycling waste. However, in current times, the segregation has posed a significant challenge as members are required to stay for safety reasons, and overall segregation is very little when compared to previous years. Nevertheless, we have implemented several practices to ensure effective waste segregation and management:

- Color-coded bins are provided in all areas and entities to enable proper segregation of waste in designated areas.
- Offices are equipped with two bins, one near workstations and the other in toilets, to facilitate waste segregation.
- Housekeeping and cleaning staff are trained to segregate waste into general waste and cans and plastic bottles at the floor level.
- The garbage chute is operational, and landfill waste is thrown in it after segregation.
- Recyclable items are separated on the floor and brought separately to the garbage room.
- Hazardous wastes like batteries and bulbs are separated and stored in designated areas monitored by engineering and IT departments. The waste is disposed of by approved suppliers.
- New joiners are briefed about the benefits of segregation, waste collection procedures, and the hotel's environmental policies.
- Recycled and non-recycled waste is sorted, collected, and stored in separate, segregated areas in the garbage rooms.

Our commitment to environmental protection is demonstrated in our waste management practices, and we strive to continue improving and implementing sustainable waste management practices.



# Our Environmental Performance Areas of Focus

At Hily Holding, we recognize the importance of preserving and protecting the environment, and we strive to minimize our environmental footprint through various initiatives. Some of our initiatives in 2022 include

## Implementing sustainable packaging

We have started to shift towards sustainable packaging materials, including biodegradable and compostable packaging **Wrap n Roll**, to reduce waste and promote environmental sustainability



High Quality 100% ECO Friendly OXO Biodegradable Garbage Bags.

These bags are environment friendly and do not leave any toxic residue or fragments of plastic behind.



## Recycling programs

We have implemented recycling programs in our warehouses and stores to minimize waste and promote recycling, including separating and recycling materials such as cardboard, paper, plastic, and glass.

## Reducing Energy Consumption

We have implemented energy-efficient systems and technologies in our warehouses and Offices to reduce energy consumption and greenhouse gas emissions.

Projects for Reducing Energy Consumption	2020	2021	2022
Auto switch-off lights	X	X	X
Effective Transportation milage reduction		X	X
LED lights installation			X

Waste Management (in Metric Ton)	2020	2021	2022
Recycled Waste	40	70	103
Waste to Landfill	85	68	40
Re-used Waste	60	67	60

# Our Environmental Performance Areas of Focus

## Promoting eco-friendly products

We promote and offer eco-friendly products to our customers, such as reusable shopping bags and eco-friendly cleaning products, to reduce the environmental impact of their purchases.



## Biodiversity conservation

We support biodiversity conservation by promoting sustainable agriculture practices, protecting wildlife habitats, and minimizing our impact on ecosystems



Take a Bite Fruit & Nut bars consist of only nuts, fruits and spices.

They are healthy, natural and do not contain any sugar, preservatives or flavour enhancers. Only products that are naturally grown under the sun are in the ingredients list.

## Water conservation

We have implemented water conservation measures in our stores and warehouses, including low-flow faucets and toilets, to reduce water usage.



## Sustainable transportation

We encourage our employees to use sustainable transportation options, such as carpooling, cycling, or public transportation, to reduce the environmental impact of commuting to work.



## Global Reporting Initiative Relevant Sections

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

# Global Reporting Initiative Context Index

GRI Standard Disclosure	Description	Where to Find it in the Report
<b>Strategy and Analysis</b>	Provides information on the organization's mission, values, strategy, and how it manages its economic, environmental, and social impacts	Introduction, Strategy section
<b>Organizational Profile</b>	Provides basic information about the organization, its structure, operations, and stakeholders	Introduction, Organizational Profile section
<b>Report Parameters</b>	Describes the scope and boundary of the report, its limitations, and how the organization ensured the quality and accuracy of the information	Report Parameters section
<b>Governance</b>	Describes the organization's governance structure, policies, and practices, and how it manages its legal, ethical, and social responsibilities	Governance section
<b>Stakeholder Engagement</b>	Describes how the organization identifies and engages with its stakeholders, and how it uses their feedback to inform its decision-making	Stakeholder Engagement section
<b>Ethics and Integrity</b>	Provides information on the organization's code of conduct, ethics policies, and how it ensures ethical behavior across its operations and supply chain	Ethics and Integrity section
<b>Human Rights</b>	Provides information on the organization's policies and practices regarding human rights, including its due diligence processes, impacts, and grievance mechanisms	Human Rights section
<b>Society</b>	Provides information on the organization's impacts and initiatives related to the communities where it operates, including its contributions to social and economic development, philanthropy, and responsible marketing	Society section
<b>Product Responsibility</b>	Provides information on the organization's policies and practices related to product safety, quality, and labeling, and how it manages its impacts on health, safety, and the environment	Product Responsibility section
<b>Environmental</b>	Provides information on the organization's environmental policies, programs, and impacts, including its resource use, emissions, waste generation, and biodiversity	Environmental section
<b>Labor Practices and Decent Work</b>	Provides information on the organization's labor policies and practices, including its employment practices, employee relations, and working conditions, and how it manages its impacts on employees and workers in its supply chain	Labor Practices and Decent Work section

# Global Reporting Initiative Context Index

RI Standard Disclosure	Description	Where to Find it in the Report
<b>GRI 102-11</b>	Organizational Profile	Provides basic information about the organization, its structure, operations, and stakeholders
<b>GRI 102-12</b>	Reporting Parameters	Describes the scope and boundary of the report, its limitations, and how the organization ensured the quality and accuracy of the information
<b>GRI 102-14</b>	Explanation of the Concept of Materiality	Describes how the organization determines which topics to report on, based on their significance to stakeholders and the organization's business
<b>GRI 102-15</b>	Key Impacts, Risks, and Opportunities	Provides an overview of the organization's most significant economic, environmental, and social impacts, risks, and opportunities, and how it manages them
<b>GRI 102-16</b>	Values, Principles, and Codes of Conduct	Provides information on the organization's mission, values, strategy, and how it manages its economic, environmental, and social impacts
<b>GRI 102-18</b>	Governance Structure	Describes the organization's governance structure, policies, and practices, and how it manages its legal, ethical, and social responsibilities
<b>GRI 102-40</b>	List of Stakeholder Groups	Identifies the organization's key stakeholders and how they are engaged in the organization's decision-making processes
<b>GRI 102-42</b>	Identifying and Selecting Stakeholders	Describes how the organization identifies and prioritizes its stakeholders, and how it engages with them
<b>GRI 102-43</b>	Approach to Stakeholder Engagement	Describes the organization's approach to engaging with its stakeholders, including its methods and frequency of engagement, and how it uses their feedback to inform its decision-making
<b>GRI 102-44</b>	Key Topics and Concerns Raised by Stakeholders	Provides an overview of the key topics and concerns raised by the organization's stakeholders, and how the organization is responding to them
<b>GRI 102-16</b>	Values, Principles, and Codes of Conduct	Provides information on the organization's code of conduct, ethics policies, and how it ensures ethical behavior across its operations and supply chain
<b>GRI 102-17</b>	Mechanisms for Advice and Concerns about Ethics	Describes the organization's mechanisms for employees and stakeholders to raise concerns or provide feedback about ethical issues
<b>GRI 103-1</b>	Explanation of the Material Topic Boundaries	Describes how the organization defines the boundaries of its material topics, including their geographic, temporal, and organizational scope
<b>GRI 103-2</b>	The Management Approach and its Components	Provides an overview of the organization's management approach for its material topics, including its policies, programs, and performance indicators
<b>GRI 103-3</b>	Evaluation of the Management Approach	Describes how the organization evaluates the effectiveness of its management approach for its material topics, and how it identifies opportunities for improvement
<b>GRI 103-1 to GRI 103-3 (for each material topic)</b>	Descriptions of Material Topics	Provides detailed information on the organization's material topics, including their significance, impacts, risks, and opportunities, and how the organization manages them

# Global Reporting Initiative Context Index

## 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.

# Global Reporting Initiative Context Index

## GRI 200 - Economic Standards

series	Description	Disclosure Location
<b>GRI 201: Economic Performance</b>	Disclosures on the organization's economic performance, including: economic value generated and distributed, financial implications and other risks and opportunities for the organization's activities due to climate change	Annual Report, Sustainability Report
<b>GRI 202: Market Presence</b>	Disclosures on the organization's market presence, including: market share, external partnerships, and distribution and marketing arrangements	Annual Report, Sustainability Report
<b>GRI 203: Indirect Economic Impacts</b>	Disclosures on the organization's indirect economic impacts, including: significant financial assistance received from government, infrastructure investments, and local community investments	Annual Report, Sustainability Report
<b>GRI 204: Procurement Practices</b>	Disclosures on the organization's procurement practices, including: policies and practices related to suppliers and the supply chain, diversity of suppliers, and significant purchases from suppliers who are owned by underrepresented groups	Annual Report, Sustainability Report
<b>GRI 205: Anti-corruption</b>	Disclosures on the organization's policies and practices related to anti-corruption, including: confirmed incidents of corruption and actions taken in response, policies and practices related to political contributions, and employee training on anti-corruption policies	Annual Report, Sustainability Report
<b>GRI 206: Anti-competitive Behavior</b>	Disclosures on the organization's policies and practices related to anti-competitive behavior, including: confirmed incidents of anti-competitive behavior and actions taken in response, and employee training on anti-competitive behavior policies	Annual Report, Sustainability Report

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GRI 400: Social Standard Series	Description
<b>400-1: Diversity and Equal Opportunity</b>	Disclosure on diversity and equal opportunity policies and practices
<b>400-2: Freedom of Association and Collective Bargaining</b>	Disclosure on policies and practices related to freedom of association and collective bargaining
<b>400-3: Child Labor</b>	Disclosure on policies and practices related to child labor
<b>400-4: Forced or Compulsory Labor</b>	Disclosure on policies and practices related to forced or compulsory labor
<b>400-5: Security Practices</b>	Disclosure on policies and practices related to the assessment and management of security risks
<b>400-6: Indigenous Rights</b>	Disclosure on policies and practices related to indigenous rights
<b>400-7: Anti-Corruption</b>	Disclosure on policies and practices related to anti-corruption
<b>400-8: Public Policy</b>	Disclosure on policies and practices related to public policy
<b>400-9: Compliance</b>	Disclosure on policies and practices related to compliance with legal and voluntary standards





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**Thank You**

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