

Hily Holding (P.J.S.C)

Integrated Report of 2023

Contents:

- Board of Directors Report.
- Auditors' Report.
- Financial Information.
- Corporate Governance Report.
- Sustainability Report.

Board of Directors Report

Hily Holding PJSC

REPORT OF THE BOARD OF DIRECTORS 31 December 2023

The Directors have pleasure in submitting their report and the audited consolidated financial statements for the year ended 31 December 2023.

Principal activities

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

Financial results

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

Going concern basis

The Board of Directors has reasonable expectation that the Group has adequate resources and support to continue its operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements for the year ended 31 December 2023.

Transactions with related parties

The consolidated financial statements disclose related parties transactions and balances in note 28. All transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations.

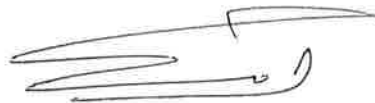
Distribute Dividends

The company's board of directors decided not to distribute dividends for this year in order to preserve the available liquidity and prioritizing of settling 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.

Auditors of the Company

KPMG Lower Gulf Limited were appointed as external auditors for the Group for the year ended 31 December 2023. 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 2023.

For and on behalf of Board of Directors



Chairman of the Board

Auditors' Report



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

Independent auditors' report

To the Shareholders of Hily Holding PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Hily Holding PJSC ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, 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 material accounting policies and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

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



Key Audit Matters (continued)

Valuation of Investment Property	
See Note 4(d), 13 to the consolidated financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>The 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 2023. The valuations are dependent on certain key estimates which require significant judgments including future rental income, operating costs, occupancy rate and terminal yield rates.</p>	<p>As part of our audit procedures, we:</p> <ul style="list-style-type: none"> Obtained an understanding of the process implemented by the Company and tested the design and implementation of relevant controls over valuation of investment properties. Involved our real estate valuation specialist, who on a sample basis, assessed valuation methodologies used in the valuation process and challenged assumptions for key estimates of future rental income, operating costs, occupancy rate and terminal yield rates used in the valuation by comparing them with market data. On a sample basis, performed audit procedures to test the source data used for determining the fair value, by comparing it to the underlying supporting information. Performed sensitivity analysis on the significant assumptions to evaluate the extent of the impact of changes in the key assumptions to the conclusions reached by management. Evaluated the adequacy of the disclosure in the consolidated financial statements.

Other Information

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the 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 2023:

- i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;
- ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021;
- iii) the Group has maintained proper books of account;
- iv) the financial information included in the Directors' report is consistent with the books of account of the Group;
- v) as disclosed in note 14 to the consolidated financial statements, the Group has purchased shares during the year ended 31 December 2023;
- vi) note 28 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 2023 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 2023; and
- viii) note 8 to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2023.

KPMG Lower Gulf Limited

Richard Ackland
Registration No.: 1015
Abu Dhabi, United Arab Emirates

Date: **29 MAR 2024**

Financial Information

Hily Holding PJSC

Consolidated financial statements

31 December 2023

Registered address and principal place of business:

P.O. Box: 2378

Abu Dhabi

United Arab Emirates

Hily Holding PJSC

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

	Note	2023 AED	2022 AED
Revenue from contracts with customers	5 (a)	46,297,905	49,740,964
Income from investment properties	5 (b)	35,039,645	33,799,752
Net (loss) / income from investments	5 (c)	(10,861,595)	62,710,412
		<u>70,475,955</u>	<u>146,251,128</u>
Direct costs	6	(42,777,773)	(47,764,539)
Selling and distribution expenses	7	(18,153,165)	(18,956,884)
General and administrative expenses	8	(18,984,332)	(16,919,610)
Impairment loss on trade receivables	17	(247,594)	(789,500)
Increase / (decrease) in fair value of investment properties	13	2,606,551	(2,520,723)
Share of results of associate	15	43,796,339	34,631,805
Other income		1,549,824	1,688,445
		<u>38,265,805</u>	<u>95,620,122</u>
Operating profit			
		38,265,805	95,620,122
Finance cost		(35,026,342)	(18,750,691)
Finance income		2,949,039	46,015
		<u>(32,077,303)</u>	<u>(18,704,676)</u>
Net finance costs	9		
		(32,077,303)	(18,704,676)
Profit for the year		<u>6,188,502</u>	<u>76,915,446</u>
Attributable to:			
Equity holders of the company		6,526,862	77,329,961
Non-controlling interests		(338,360)	(414,515)
		<u>6,188,502</u>	<u>76,915,446</u>
Basic and diluted earnings per share			
attributable to equity holders of the Company	29	<u>0.05</u>	<u>0.64</u>

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

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

Hily Holding PJSC

Consolidated statement of comprehensive income for the year ended 31 December

	2023	2022
	AED	AED
Profit for the year	6,188,502	76,915,446
Other comprehensive income		
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	14 6,174,112	2,720,582
Associate – share of other comprehensive loss	15 (397,511)	(190,620)
Other comprehensive income for the year	5,776,601	2,529,962
Total comprehensive income for the year	11,965,103	79,445,408
Attributable to:		
Equity holders of the Company	12,303,463	79,859,923
Non-controlling interests	(338,360)	(414,515)
	11,965,103	79,445,408

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

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

Hily Holding PJSC

Consolidated statement of financial position as at 31 December

	Notes	2023 AED	2022 AED
Assets			
Non-current assets			
Property and equipment	10	83,512,749	62,646,526
Intangible assets	11	319,249	459,293
Right-of-use assets	12	7,209,091	7,311,557
Investment properties	13	243,984,577	241,210,031
Equity-accounted investee	15	363,458,757	328,648,938
Investments held at fair value through other comprehensive income ("FVTOCI")	14	77,528,443	32,642,449
Investment at amortized cost	14	23,778,968	8,311,999
Total non-current assets		799,791,834	681,230,793
Current assets			
Inventories	16	5,849,020	14,754,302
Investments held at fair value through profit or loss ("FVTPL")	14	227,510,434	187,346,001
Trade and other receivables	17	8,312,183	12,314,997
Prepayment		1,392,740	1,593,443
Amounts due from related parties	28	6,977,796	2,966,633
Term deposits	19	-	7,500,000
Cash and cash equivalents	18	70,223,083	37,804,127
Total current assets		320,265,256	264,279,503
Total assets		1,120,057,090	945,510,296
Equity			
Share capital	20	120,000,000	120,000,000
Legal reserve	21	60,000,000	60,000,000
Regulatory reserve	22	60,000,000	60,000,000
Fair value reserve		(29,944,678)	(35,586,124)
Retained earnings		389,734,970	383,125,040
Equity attributable to owners of the Company		599,790,292	587,538,916
Non-controlling interests	23	4,849,147	5,187,507
Total equity		604,639,439	592,726,423

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Hily Holding PJSC

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

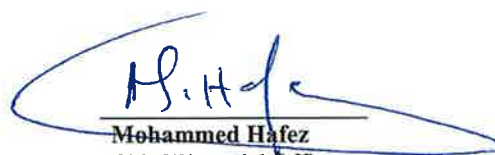
	Notes	2023 AED	2022 AED
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits	24	3,523,105	3,945,681
Lease liabilities	25	5,522,920	7,024,288
Loans and borrowings	26	201,020,727	221,535,573
Total non-current liabilities		210,066,752	232,505,542
Current liabilities			
Lease liabilities	25	1,508,202	638,459
Loans and borrowings	26	183,331,187	40,050,867
Trade and other payables	27	120,401,965	79,058,292
Amounts due to related parties	28	109,545	530,713
Total current liabilities		305,350,899	120,278,331
Total liabilities		515,417,651	352,783,873
Total equity and liabilities		1,120,057,090	945,510,296

To the best of our knowledge, the consolidated financial statements fairly presents, in all material respects, the consolidated financial position, results of operation and cash flows of the Group as of, and for, the year ended 31 December 2023.

These consolidated financial statements of the Group for the year ended 31 December 2023 were approved and authorised for issue by the Board of Directors on 29 MAR 2024 and signed on their behalf by:



Ahmed Ali Khalfan Al Dhaheri
Chairman



Mohammed Hafez
Chief Financial Officer

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

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

Hily Holding PJSC

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

	Share capital AED	Legal reserve AED	Regulatory reserve AED	Fair value reserve AED	Retained earnings AED	Equity attributable to Owners of the Company AED	Non- controlling interests ("NCI") AED	Total AED
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
Total comprehensive income for the year	-	-	-	-	77,329,961	77,329,961	(414,515)	76,915,446
Profit for the year	-	-	-	2,529,962	-	2,529,962	-	2,529,962
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	2,529,962	77,329,961	79,859,923	(414,515)	79,445,408
Transfer to retained earnings	-	-	-	(30,251)	30,251	-	-	-
Changes in ownership interests	-	-	-	-	(25,510)	(25,510)	14,174	(11,336)
Disposal of NCI without a change in control	-	-	-	-	-	-	-	-
At 31 December 2022	120,000,000	60,000,000	60,000,000	(35,586,124)	383,125,040	587,538,916	5,187,507	592,726,423
At 1 January 2023	120,000,000	60,000,000	60,000,000	(35,586,124)	383,125,040	587,538,916	5,187,507	592,726,423
Total comprehensive income for the year	-	-	-	-	6,526,862	6,526,862	(338,360)	6,188,502
Profit for the year	-	-	-	5,776,601	-	5,776,601	-	5,776,601
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	5,776,601	6,526,862	12,303,463	(338,360)	11,965,103
Transfer to retained earnings	-	-	-	(37,856)	37,856	-	-	-
Changes in ownership interests	-	-	-	-	45,212	(52,087)	-	(52,087)
Disposal of NCI without a change in control	-	-	-	(97,299)	-	-	-	-
Loss on disposal	-	-	-	-	-	-	-	-
At 31 December 2023	120,000,000	60,000,000	60,000,000	(29,944,678)	389,734,970	599,790,292	4,849,147	604,639,439

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

Hily Holding PJSC

Consolidated statement of cash flows for the year ended 31 December

	Note	2023 AED	2022 AED
Cash flows from operating activities			
Profit for the year		6,188,502	76,915,446
Adjustments for:			
Depreciation on property and equipment	7, 8	3,547,510	3,909,692
Amortisation of intangible assets	8	140,044	757,759
Depreciation on right-of-use assets	7	1,014,708	843,430
Gain on disposal of property and equipment		(84,600)	(23,532)
Gain on sale of investments carried at FVTPL	5(c)	(16,456,563)	(65,926,230)
Net changes in fair value of investments carried at FVTPL	5(c)	37,477,899	12,273,790
Provision for employees' end of service benefits	24	568,103	757,222
Dividend income	5(c)	(8,227,326)	(8,567,639)
Provision for expected credit losses on trade and other receivables, net	17	247,594	789,500
Provision for slow moving inventories	16	2,116,644	1,200,332
(Increase) / decrease in fair value of investment properties	13	(2,606,546)	2,520,723
Interest on lease liability		534,413	482,643
Finance costs	9	34,491,929	18,222,033
Finance income		(2,949,039)	(46,015)
Share of results of associate	15	(43,796,339)	(34,631,805)
Interest income on investment at amortized cost	14	(1,932,415)	(490,413)
		<u>10,274,518</u>	<u>8,986,936</u>
Changes in:			
Inventories	16	6,788,638	10,472,576
Trade and other receivables and prepayment	17	3,955,923	(2,099,321)
Term deposit	19	7,500,000	(7,500,000)
Amounts due from related parties	28	(4,011,163)	(1,722,650)
Amounts due to related parties	28	(421,168)	(128,251)
Trade and other payables	27	34,083,385	895,358
		<u>58,170,133</u>	<u>8,904,648</u>
Dividends received		8,227,326	8,567,639
Dividends received from associate	15	14,248,800	12,219,820
Interest received from investment at amortized cost	14	1,398,882	294,280
Employees' end of service benefits paid	21	(990,679)	(525,666)
Purchase of investment in securities	14	(234,036,086)	(205,682,315)
Purchase of investment at amortized cost	14	(14,933,436)	(8,115,866)
Proceeds from disposal of investments		134,086,295	335,435,919
Net cash flows (used in) / generated from operating activities		<u>(33,828,765)</u>	<u>151,098,459</u>
Cash flows from investing activities			
Purchase of property and equipment	10	(24,424,286)	(6,204,361)
Purchase of intangible assets	11	-	(429,202)
Proceeds from disposal of property and equipment		95,153	23,572
Improvements made on an investment property	13	(168,000)	(1,718,748)
Investment in additional shares of an existing associates	15	(5,659,740)	(13,496,302)
Net cash flows used in investing activities		<u>(30,156,873)</u>	<u>(21,825,041)</u>
Cash flows from financing activities			
Proceeds from bank borrowings		128,637,300	99,812,646
Repayment of bank borrowings		(156,120,110)	(107,934,803)
Net proceeds from changes in NCI		-	(11,336)
Payment of lease liabilities	25	(2,078,280)	(1,169,914)
Finance costs paid	26	(27,231,639)	(18,222,033)
Finance income received		2,949,039	46,015
Net cash flows used in from financing activities		<u>(53,843,690)</u>	<u>(27,479,425)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(117,829,328)</u>	<u>101,793,993</u>
Cash and cash equivalents at 1 January	18	35,510,987	(66,283,006)
Cash and cash equivalents at 31 December	18	<u>(82,318,341)</u>	<u>35,510,987</u>

The attached notes 1 to 35 form part of these consolidated financial statements.
The independent auditors' report is set out on pages 2 to 5.

Hily Holding PJSC

Notes to the consolidated financial statements

1 Legal status and principal activities

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

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

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

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 Decree 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 Company.

(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 34.

Hily Holding PJSC

Notes to the consolidated financial statements

2 Basis of preparation (continued)

(e) Basis of consolidation

i. *Business combinations*

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

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

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

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

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

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

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

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

- 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

Notes to the consolidated financial statements

2 Basis of preparation (continued)

(e) Basis of consolidation (continued)

i. Business combinations (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
		2023	2022	
Subsidiaries directly under the Company				
National Oasis Foodstuff Company LLC	UAE	0%	100%	Packing of foodstuff
FOODCO National Foodstuff PJSC	UAE	97.78%*	97.78%	Catering services and restaurant business
Abu Dhabi National Catering LLC	UAE	100%	100%	Catering services and wholesale of foodstuff
Dana Plaza Real-Estate LLC	UAE	100%	100%	Investing, development and management of real estate and commercial enterprises
NURANA Properties WLL	Bahrain	100%	100%	Investing, development and management of real estate and commercial enterprises

Hily Holding PJSC

Notes to the consolidated financial statements

2 Basis of preparation (continued)

(e) Basis of consolidation (continued)

i. Business combinations (continued)

Subsidiary of FOODCO National Foodstuff PJSC

Name of subsidiary	Country of Incorporation	Percentage of ownership		
		2023	2022	
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
National Oasis Foodstuff Company LLC	UAE	100%	0%	Packing of foodstuff

* Shares in FOODCO National Foodstuff PJSC with a quantity of 40,350,000 (31 December 2022: 40,350,000) shares are pledged with commercial banks for securing overdraft facility (Note 26). FOODCO National Foodstuff PJSC has 280,000,000 (2022: 280,000,000) shares in issue and the net equity of FOODCO National Foodstuff PJSC amounts to AED 218.75 million (AED: 232.5 million).

3 Changes in material accounting policies

The Group adopted disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in note 4 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.

Hily Holding PJSC

Notes to the consolidated financial statements

4 Material accounting policies

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

(a) Revenue recognition

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

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

Hily Holding PJSC

Notes to the consolidated financial statements

4 Material accounting policies (continued)

(a) Revenue recognition (continued)

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 an enforceable right to payment for performance completed to date.
- b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- c) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

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

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

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

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

Hily Holding PJSC

Notes to the consolidated financial statements

4 Material accounting policies (continued)

(b) Leases

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

Group as a lessee

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

i). Right-of-use assets

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

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

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

ii). Lease liabilities

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

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 in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Hily Holding PJSC

Notes to the consolidated financial statements

4 Material accounting policies (continued)

(b) Leases (continued)

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

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

Group as a lessor

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

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

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

Hily Holding PJSC

Notes to the consolidated financial statements

4 Material 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.

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

Notes to the consolidated financial statements

4 Material 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. In the case of general borrowings, a capitalisation rate, which is the weighted average rate of general borrowing costs, is applied to the expenditure on qualifying assets and included in the cost of the asset.

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

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

(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

Notes to the consolidated financial statements

4 Material 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

Notes to the consolidated financial statements

4 Material 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

Notes to the consolidated financial statements

4 Material 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

Notes to the consolidated financial statements

4 Material 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

Notes to the consolidated financial statements

4 Material 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

Notes to the consolidated financial statements

4 Material 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

Notes to the consolidated financial statements

4 Material accounting policies (continued)

(h) Impairment of financial assets (continued)

Non-derivative financial assets (continued)

Credit-impaired financial assets

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

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

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

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

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

Write-off

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

(i) Cash and cash equivalents

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

(j) Provisions

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

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

Hily Holding PJSC

Notes to the consolidated financial statements

4 Material accounting policies (continued)

(k) Employees' end of service benefits

Defined benefit plan

The Group currently operates a defined benefit plan for post-employment benefit. This is 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

Notes to the consolidated financial statements

4 Material 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

Notes to the consolidated financial statements

4 Material accounting policies (continued)

(p) Interests in equity-accounted investees

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

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

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

Transactions eliminated on consolidation

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

(q) Finance costs

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

(r) Intangible assets

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

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

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

Hily Holding PJSC

Notes to the consolidated financial statements

4 Material 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 2023 and forthcoming requirements

New currently effective standards

A number of new accounting standards are effective for annual periods beginning after 1 January 2023, and earlier application is permitted. The Group has adopted these new or amended accounting standards in preparing these consolidated financial statements however adoption of these new or amended standards did not have a material impact on the financial statements.

New standard or amendments

IFRS 17 Insurance contracts

Disclosure of Accounting policies – Amendments to IAS 1 and IFRS Practice statement 2

Definition of accounting Estimates – Amendments to IAS 8

Deferred Tax related to Assets and Liabilities arising from a Single Transaction –
Amendments to IAS 12

International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

Forthcoming requirements

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2023 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.

New standard or amendments	Effective date
Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024
Classification of liabilities as Current or Non-current - Amendments to IAS 1	1 January 2024
Lease Liability in Sale and Leaseback – Amendments to IFRS 16	1 January 2024
Supplier Finance Agreements – Amendments to IAS 7 and IFRS 7	1 January 2024
Lack of Exchangeability – Amendments to IAS 21	1 January 2025
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

Notes to the consolidated financial statements

5 Revenue

a) Revenue from contracts with customers

	2023 AED	2022 AED
Sale of goods	33,337,411	40,793,494
Freight forwarding, logistics and storage	12,960,494	8,947,470
	<u>46,297,905</u>	<u>49,740,964</u>

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

	2023 AED	2022 AED
Geographical markets		
United Arab Emirates ("UAE")	<u>46,297,905</u>	<u>49,740,964</u>

	2023 AED	2022 AED
Timing of revenue recognition		
Revenue recognised over time	12,960,494	8,947,470
Revenue recognised at point in time	33,337,411	40,793,494
	<u>46,297,905</u>	<u>49,740,964</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:

	2023 AED	2022 AED
Rental income	34,800,686	33,530,941
Facility management income	238,959	268,811
	<u>35,039,645</u>	<u>33,799,752</u>

Hily Holding PJSC

Notes to the consolidated financial statements

5 Revenue (continued)

c) Net income from investments

	2023 AED	2022 AED
Dividend income	8,227,326	8,567,559
Net realised income from financial instruments at FVTPL	16,456,563	65,926,230
Net unrealised loss from financial instruments at FVTPL (note 13)	(37,477,899)	(12,273,790)
Interest income on amortized investments	1,932,415	490,413
	<u>(10,861,595)</u>	<u>62,710,412</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.

5.1 Contract balances

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

	2023 AED	2022 AED
Receivables, which are included in 'trade and other receivables'	36,670,774	35,375,223
Advances*	5,355,625	5,761,149

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

Hily Holding PJSC

Notes to the consolidated financial statements

6 Direct Costs

	2023 AED	2022 AED
Cost of goods sold (6.1)	29,390,225	36,418,958
Cost of freight forwarding, logistics and storage services (6.2)	5,776,405	3,686,022
Investment consultancy expense	4,871,205	3,844,578
Other direct expenses	2,739,938	3,814,981
	<u>42,777,773</u>	<u>47,764,539</u>

6.1 Cost of goods sold represents cost of material i.e food items recorded in Abu Dhabi National Foodstuff LLC.

6.2 Cost of freight forwarding and storage services include costs pertaining to freight forwarding and logistics revenue and warehouse rent for warehouses of SPL Logistics.

7 Selling and distribution expenses

	2023 AED	2022 AED
Staff costs	9,219,849	10,764,109
Depreciation (note 10)	3,042,495	3,076,965
Promotional expenses	1,357,323	2,424,697
Travelling expenses	901,608	1,151,190
Depreciation on right-of-use assets (note 12)	1,014,708	843,430
Marketing department expenses	79,465	90,081
Tender expenses	264,800	54,218
Other expenses	2,272,917	552,194
	<u>18,153,165</u>	<u>18,956,884</u>

Hily Holding PJSC

Notes to the consolidated financial statements

8 General and administrative expenses

	2023 AED	2022 AED
Staff costs	8,651,815	7,137,840
Utilities expenses	2,062,033	2,346,145
Director's remuneration	1,330,000	2,470,000
Legal and professional fees	229,597	125,753
Repair and maintenance expenses	1,327,679	1,049,512
Depreciation expenses (note 10)	505,015	832,727
Audit fees (8.1)	507,857	427,500
Travelling expenses	554,458	552,095
Amortisation expenses (note 11)	140,045	757,759
Software Licenses and registration	1,688,831	716,334
Licenses and registration expenses	312,440	278,352
Donations and contributions	740,756	-
Other expenses	933,806	225,593
	<u>18,984,332</u>	<u>16,919,610</u>

The Group has made social contributions during the year ended 31 December 2023 amounting to AED 740,756 (2022: Nil).

8.1 Audit fee

	2023 AED	2022 AED
Financial statements audit fee*	387,857	307,500
Other services	120,000	120,000
	<u>507,857</u>	<u>427,500</u>

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

Hily Holding PJSC

Notes to the consolidated financial statements

9 Net finance cost

	2023 AED	2022 AED
Interest expense on loans	34,342,980	18,001,358
Interest on lease liability	534,413	482,642
Bank charges	148,949	266,691
Interest income	(2,949,039)	(46,015)
	<u>32,077,303</u>	<u>18,704,676</u>

10 Property and equipment

	Warehouse and buildings <u>AED</u>	Equipment Furniture and fittings <u>AED</u>	Motor vehicles <u>AED</u>	Capital work in Progress* <u>AED</u>	Total <u>AED</u>
Cost					
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>
At 1 January 2023	76,453,592	30,777,182	8,654,523	6,551,484	122,436,781
Additions	128,840	728,529	313,000	23,253,917	24,424,286
Disposals	-	(383,728)	(1,291,000)	-	(1,674,728)
At 31 December 2023	<u>76,582,432</u>	<u>31,121,983</u>	<u>7,676,523</u>	<u>29,805,401</u>	<u>145,186,339</u>
Accumulated depreciation					
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>
At 1 January 2023	23,004,322	28,211,277	8,526,894	47,762	59,790,255
Charge for the year	2,516,030	762,801	268,679	-	3,547,510
Relating to disposals	-	(373,325)	(1,290,850)	-	(1,664,175)
At 31 December 2023	<u>25,520,352</u>	<u>28,600,753</u>	<u>7,504,723</u>	<u>47,762</u>	<u>61,673,590</u>
Net carrying amounts					
At 31 December 2023	<u>51,062,080</u>	<u>2,521,230</u>	<u>171,800</u>	<u>29,757,639</u>	<u>83,512,749</u>
At 31 December 2022	<u>53,449,270</u>	<u>2,565,905</u>	<u>127,629</u>	<u>6,503,722</u>	<u>62,646,526</u>

One property owned by the Group and included in property and equipment with carrying amount of AED 17,286,370 (AED 18,068,035) is pledged with the bank against secured term loans.

*Capital work in progress includes a new warehouse being constructed to increase warehousing capacity of 5PL Logistics Solutions. The construction is financed from own cash reserves of the Group.

Hily Holding PJSC

Notes to the consolidated financial statements

10 Property and equipment (continued)

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

	2023 AED	2022 AED
Selling and distribution expenses (note 7)	3,042,495	3,076,965
General and administrative expenses (note 8)	505,015	832,727
	<u>3,547,510</u>	<u>3,909,692</u>

11 Intangible assets

	2023 AED	2022 AED
Cost		
At 1 January	2,805,609	2,376,407
Additions	-	429,202
At 31 December	<u>2,805,609</u>	<u>2,805,609</u>
Accumulated amortisation		
At 1 January	2,346,316	1,588,557
Charge for the year	140,044	757,759
At 31 December	<u>2,486,360</u>	<u>2,346,316</u>
Net carrying amount:		
At 31 December	<u>319,249</u>	<u>459,293</u>

Hily Holding PJSC

Notes to the consolidated financial statements

12 Right-of-use assets

	Land AED	Vehicles AED	Total AED
At 1 January 2022	8,154,987	-	8,154,987
Depreciation expense for the year	(843,430)	-	(843,430)
At 31 December 2022	<u>7,311,557</u>	<u>-</u>	<u>7,311,557</u>
Lease term	<u>4 – 30 years</u>	<u>-</u>	<u>-</u>
At 1 January 2023	7,311,557	-	7,311,557
Addition during the year	-	912,242	912,242
Depreciation expense for the year	(843,428)	(171,280)	(1,014,708)
At 31 December 2023	<u>6,468,129</u>	<u>740,962</u>	<u>7,209,091</u>
Lease term	<u>4 – 30 years</u>	<u>3 years</u>	<u>-</u>

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

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

	2023 AED	2022 AED
Selling and distribution expenses (note 7)	1,014,708	843,430

Hily Holding PJSC

Notes to the consolidated financial statements

13 Investment properties

	2023 AED	2022 AED
Warehouses	16,060,868	16,060,868
Building - commercial and residential	225,317,163	225,149,163
Land	2,606,546	-
	<u>243,984,577</u>	<u>241,210,031</u>

During the year, the fair value of the land located in Bahrain under the ownership of Nurana Properties Co. W.L.L increased by AED 2.6 million.

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

	2023 AED	2022 AED
At 1 January	241,210,031	242,012,006
Transfer from investment properties under development	168,000	-
Additions during the year	-	1,718,748
Increase / (decrease) in fair value of investment properties	2,606,546	(2,520,723)
	<u>243,984,577</u>	<u>241,210,031</u>

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

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from investment properties, taking into account the expected rental, occupancy rate and other costs not paid by tenants.	<ul style="list-style-type: none"> - <u>Net rent per Square feet:</u> 2023: AED 33 to AED 118 2022: AED 31 to AED 92 - <u>Occupancy rate:</u> 2023: 95% 2022: 95% 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> - 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.	<ul style="list-style-type: none"> - <u>Risk-adjusted discount rate:</u> 2023: 8 % 2022: 9.05% 	<ul style="list-style-type: none"> - the occupancy rates were higher (lower); - the risk-adjusted discount rates were lower (higher).

Hily Holding PJSC

Notes to the consolidated financial statements

13 Investment properties (continued)

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

Changes in fair values are recognised as gains / losses in profit or loss which are included in statement of profit or loss as increase / decrease in fair value of investment properties. All gains / losses are unrealised. The fair value of the Group's investment properties as at 31 December 2023 and 31 December 2022 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 206,892,606 (2022: AED 209,601,865) are pledged against loans and borrowings (note 26) obtained by the Group to finance the construction of the warehouse.

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

	2023 AED	2022 AED
Rental income (note 5)	<u>35,039,645</u>	<u>33,799,752</u>
Gain / (loss) due to change in fair value	<u>2,606,546</u>	<u>(2,520,723)</u>

Maintenance and other operating expenses related to investments properties amount to AED 708,719 (2022: AED 976,983).

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

	2023 AED	2022 AED
Less than one year	34,792,697	33,674,590
One to two years	<u>1,483,805</u>	<u>1,236,177</u>
	<u>36,276,502</u>	<u>34,910,767</u>

14 Investments

	2023 AED	2022 AED
Investments held at fair value through other comprehensive income ("FVTOCI")	77,528,443	32,642,449
Investments held at fair value through profit and loss ("FVTPL")	227,510,434	187,346,001
Investment at amortized cost	<u>23,778,968</u>	<u>8,311,999</u>
	<u>328,817,845</u>	<u>228,300,449</u>

Hily Holding PJSC

Notes to the consolidated financial statements

14 Investments (continued)

Dividend received during the year from these investments held at the year end amounted to AED 5,922,172 (2022: AED 8,567,639). Dividend received from investments disposed during the period amounted to AED 2,305,155 (2022: Nil).

The investments held at FVTOCI comprise:

	2023 AED	2022 AED
Investments in quoted equity securities inside UAE	74,846,947	29,769,427
Investments in quoted equity securities outside UAE	702,960	702,960
Investments in unquoted equity securities inside UAE	1,728,487	1,728,487
Investments in unquoted equity securities outside UAE	250,049	441,575
	<u>77,528,443</u>	<u>32,642,449</u>

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

Sector	2023 AED	2022 AED
Banking	44,632,719	27,708,695
Logistics and Courier	27,709,000	-
Brokerage and investment	4,927,949	4,482,145
Others	258,775	451,609
	<u>77,528,443</u>	<u>32,642,449</u>

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

The investments held at FVTPL comprise:

	2023 AED	2022 AED
Investments in quoted equity securities inside UAE	221,718,499	181,834,107
Investments in quoted equity securities outside UAE	-	1,543
Quoted commodities	5,791,862	5,510,351
Investments in mutual funds outside UAE	73	-
	<u>227,510,434</u>	<u>187,346,001</u>

Investment at amortized cost

	2023 AED	2022 AED
At 1 January	8,311,999	-
Purchase of financial assets	14,933,436	8,115,866
Interest income for the period	1,932,415	490,413
Interest received	(1,398,882)	(294,280)
	<u>23,778,968</u>	<u>8,311,999</u>

Hily Holding PJSC

Notes to the consolidated financial statements

14 Investments (continued)

This investment consists of Turkish Sukuks and Egyptian Sukuks with a coupon rate of 7.25% and 10.875% per annum, respectively. All the Sukuks are currently in the name of the Chairman and assigned to the Company through letters of assignment signed by the Chairman.

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

The movement in financial assets was as follows:

	FVTPL 2023 AED	FVOCI 2023 AED	FVTPL 2022 AED	FVOCI 2022 AED
At 1 January	187,346,001	32,642,449	273,630,705	19,738,327
Purchase of financial assets	195,035,919	39,000,167	194,292,620	11,389,695
Disposal of financial assets	(117,393,587)	(288,285)	(268,303,534)	(1,206,155)
	<u>264,988,333</u>	<u>71,354,331</u>	<u>199,619,791</u>	<u>29,921,867</u>
Change in fair value	(37,477,899)	6,174,112	(12,273,790)	2,720,582
At 31 December	<u>227,510,434</u>	<u>77,528,443</u>	<u>187,346,001</u>	<u>32,642,449</u>

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

	Carrying Amount AED	Fair value			Total AED
		Level 1 AED	Level 2 AED	Level 3 AED	
31 December 2023					
Investments held at FVTPL					
Quoted share	227,510,434	207,096,568	20,413,866	-	227,510,434
Investments held at FVTOCI:					
Quoted shares	74,847,199	72,350,696	2,496,502	-	74,847,198
Unquoted shares	2,681,244	-	-	2,681,244	2,681,244
	<u>77,528,443</u>	<u>72,350,696</u>	<u>2,496,502</u>	<u>2,681,244</u>	<u>77,528,442</u>
Investment held at Amortised cost	23,778,968	8,474,251	15,183,216	-	23,657,467
Total	<u>328,817,845</u>	<u>287,921,515</u>	<u>38,093,584</u>	<u>2,681,244</u>	<u>328,696,343</u>
31 December 2022					
Investments held at FVTPL	187,346,001	187,346,001	-	-	187,346,001
Investments held at FVTOCI:					
Quoted shares	30,472,387	30,472,387	-	-	30,472,387
Unquoted shares	-	-	-	2,170,062	2,170,062
	<u>30,472,387</u>	<u>30,472,387</u>	<u>-</u>	<u>2,170,062</u>	<u>32,642,449</u>
Investments at Amortised cost	8,311,999	8,080,102	-	-	8,080,102
Total	<u>226,130,387</u>	<u>225,898,490</u>	<u>-</u>	<u>2,170,062</u>	<u>228,068,552</u>

Hily Holding PJSC

Notes to the consolidated financial statements

15 Equity-accounted investee

Name	Domiciled	% of equity held		Principal activities
		2023	2022	
Al Waha Capital PJSC	UAE	9.5383%	9.3570%	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 27) 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.

During the year, the company purchased an additional 0.18% stake in Al Waha Capital PJSC at a cost of AED 5.6 million which resulted in a gain on acquisition of AED 2.1 million.

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

	2023 AED	2022 AED
Opening balance	328,648,938	292,931,271
Purchase	5,659,740	13,496,302
Share of profit	41,698,489	31,592,812
Gain on recognition	2,097,850	3,038,993
Dividends	(14,248,800)	(12,219,820)
Share of change in other reserves	(397,460)	(190,620)
	<u>363,458,757</u>	<u>328,648,938</u>

Investment in associate securities with a quantity of 67,078,706 (31 December 2022: 67,078,706) shares are pledged with commercial banks for securing term loans (note 26). The shares pledged form 37.4% (2022: 38.3%) of the total shares 179,176,216 (2022: 175,010,000) held by the Group in its associate.

The quoted share price of the associate as at 31 December 2023 is AED 1.78 (31 December 2022: AED 1.36). 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

Notes to the consolidated financial statements

15 Equity-accounted investee (continued)

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

	31 December 2023 AED	31 December 2022 AED
Statement of financial position		
Assets	13,540,882,000	9,497,441,000
Liabilities	(6,871,767,000)	(4,168,495,000)
Net assets (100%)	<u>6,669,115,000</u>	<u>5,328,946,000</u>
Total equity	6,669,115,000	5,328,946,000
Less: Non-controlling interests	(2,911,542,000)	(1,827,823,000)
Equity attributable to the Owners of the Company	<u>3,757,573,000</u>	<u>3,501,123,000</u>
% of equity held by the Group	9.538%	9.3570%
Group's share of associate's net assets attributable to Owners	<u>363,458,757</u>	<u>328,648,938</u>
	Year ended 31 December 2023	Year ended 31 December 2022
Statement of profit or loss		
Revenue from continued and discontinued operations	140,433,000	111,519,000
Profit for the year	820,154,000	448,787,000
Profit for the year attributable to:		
Owners of the Company	440,102,000	344,372,000
Non-controlling interests	380,052,000	104,415,000
Loss on acquisition	(2,932,000)	(6,732,000)
Group's share of profit for the year (attributable to owners)	<u>41,698,489</u>	<u>31,592,812</u>
Other comprehensive loss for the year	4,167,000	(2,034,000)
Group's share of other comprehensive loss for the year (attributable to owners)	<u>(397,460)</u>	<u>(190,620)</u>

Hily Holding PJSC

Notes to the consolidated financial statements

16 Inventories

	2023 AED	2022 AED
Goods for resale	6,649,421	14,427,437
Consumables	1,341,914	2,115,959
	<u>7,991,335</u>	<u>16,543,396</u>
Less: allowance for slow moving inventories	<u>(2,142,315)</u>	<u>(1,789,094)</u>
	<u><u>5,849,020</u></u>	<u><u>14,754,302</u></u>

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

	2023 AED	2022 AED
At 1 January	1,789,094	1,047,582
Charge for the year	2,116,644	1,200,332
Written off during the year	<u>(1,763,423)</u>	<u>(458,820)</u>
	<u><u>2,142,315</u></u>	<u><u>1,789,094</u></u>

During the year, cost of inventories recognised as expense amounted to AED 29,390,225 (2022: AED 36,418,958) and is included in "Direct costs".

17 Trade and other receivables

	2023 AED	2022 AED
Trade receivables	36,670,774	35,375,223
Less: allowance for expected credit losses on trade receivables	<u>(29,642,486)</u>	<u>(25,639,750)</u>
	7,028,288	9,735,473
Advances to suppliers	2,081,509	3,266,341
Dividend receivable	112	94,288
Other receivables	1,402,625	2,244,202
Less: impairment losses on advance to suppliers and other receivables	<u>(2,200,351)</u>	<u>(3,025,307)</u>
	<u><u>8,312,183</u></u>	<u><u>12,314,997</u></u>

Hily Holding PJSC

Notes to the consolidated financial statements

17 Trade and other receivables (continued)

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

	2023 AED	2022 AED
At 1 January	25,639,750	24,888,943
Charge for the year	247,594	789,500
Transfer	3,755,142	-
Written off during the year	-	(38,693)
At 31 December	<u>29,642,486</u>	<u>25,639,750</u>

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

	2023 AED	2022 AED
At 1 January	3,025,307	3,025,307
Written off during the year	(824,956)	-
At 31 December	<u>2,200,351</u>	<u>3,025,307</u>

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

	Total AED	Current AED	Past due				
			0-30 days AED	31 - 60 days AED	61 - 90 Days AED	91 - 180 Days AED	>180 Days AED
31 December 2023							
Expected credit losses rate		0%	0%	0%	0%	78%	100%
Estimated total gross carrying amount at default	36,670,774	1,466,904	1,226,129	1,577,598	895,544	8,293,620	23,210,979
Expected credit loss	(29,642,486)	-	-	-	-	(6,483,742)	(23,158,744)
	<u>7,028,288</u>	<u>1,466,904</u>	<u>1,226,129</u>	<u>1,577,598</u>	<u>895,544</u>	<u>1,809,878</u>	<u>52,235</u>
31 December 2022							
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	(25,639,750)	-	-	-	(284,406)	(513,975)	(24,841,369)
	<u>9,735,473</u>	<u>4,351,924</u>	<u>2,290,090</u>	<u>1,826,148</u>	<u>564,727</u>	<u>285,013</u>	<u>417,571</u>

Hily Holding PJSC

Notes to the consolidated financial statements

18 Cash and cash equivalents

	2023 AED	2022 AED
Cash in hand	75,894	61,904
Cash at banks – current accounts	<u>3,681,578</u>	<u>2,742,223</u>
Cash	3,757,472	2,804,127
Fixed deposits (cash equivalent) *	<u>66,465,611</u>	<u>35,000,000</u>
Cash and Cash equivalents in the statement of financial position	70,223,083	37,804,127
Less: bank overdrafts (note 26)	<u>(152,541,424)</u>	<u>(2,293,140)</u>
Cash and cash equivalents in statement of cashflows	<u><u>(82,318,341)</u></u>	<u><u>35,510,987</u></u>

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

19 Term deposits

	2023 AED	2022 AED
Term deposits *	<u>-</u>	<u>7,500,000</u>

*The term deposit was opened in November 2022 with a local bank and matured in November 2023. The deposit had an original maturity of more than 3 months and hence was no considered as cash and cash and equivalent.

20 Share capital

	2023 AED	2022 AED
Authorised, allotted, issued and fully paid 120 million shares of AED 1 each	<u><u>120,000,000</u></u>	<u><u>120,000,000</u></u>

21 Legal reserve

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

22 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.

Hily Holding PJSC

Notes to the consolidated financial statements

23 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).

24 Provision for employees end of service benefits

	2023 AED	2022 AED
At 1 January	3,945,681	3,714,125
Charge for the year	568,103	757,222
Payments during the year	(990,679)	(525,666)
	<u>3,523,105</u>	<u>3,945,681</u>

25 Lease liabilities

	2023 AED	2022 AED
As at 1 January	7,662,747	8,350,018
Addition	912,242	-
Interest expense	534,413	482,643
Payment during the year	(2,078,280)	(1,169,914)
	<u>7,031,122</u>	<u>7,662,747</u>

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

	2023 AED	2022 AED
Current liabilities	1,508,202	638,459
Non-current liabilities	5,522,920	7,024,288
	<u>7,031,122</u>	<u>7,662,747</u>

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

	2023 AED	2022 AED
Depreciation expense of right-of-use assets (note 12)	1,014,708	843,430
Interest expense on lease liabilities	534,413	482,643
	<u>1,549,121</u>	<u>1,326,073</u>

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

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

Hily Holding PJSC

Notes to the consolidated financial statements

26 Loans and borrowings

	2023 AED	2022 AED
Bank borrowings (note 26.1)	231,810,490	255,009,766
Trust receipts*	-	4,283,534
Bank overdrafts**	152,541,424	2,293,140
	<u>384,351,914</u>	<u>261,586,440</u>

*Trust receipts are amounts payable to the bank against payment made by the bank to the international suppliers on behalf of the Group for the import of goods. Maturity of these trust receipt range from 3 months to 6 months and carried interest ranging from 7.67% to 8.25%.

**The bank overdrafts are repayable on demand and are secured against investment in subsidiary with fair value of AED 60.5 million (2022: AED 61.7 million) as at year end. (Refer note 2 (e) for carrying amounts of the net assets of the subsidiary).

The Group's unutilized credit facilities as at 31 December 2023 amounted to AED 26,958,576 (2022: AED 177,263,337). The unutilized limits are mainly for overdrafts and trust receipts facilities which are utilized as per business requirements.

The movement in loans and borrowings are as follows:

	2023 AED	2022 AED
At 1 January	261,586,440	354,472,992
Additions during the year	645,393,766	1,023,385,329
Repayments during the year	(522,628,292)	(1,115,514,490)
Finance costs accrued	26,822,105	15,349,184
Finance costs repaid	(26,822,105)	(16,106,575)
Balance at 31 December	<u>384,351,914</u>	<u>261,586,440</u>

Hily Holding PJSC

Notes to the consolidated financial statements

26 Loans and borrowings (continued)

Changes in liabilities arising from financing activities:

	At 1 January	Cash inflows	Interest accrued	Cash outflows	31 December
	AED	AED	AED	AED	AED
2023					
Term loans	255,009,766	128,637,300	26,822,105	(178,658,681)	231,810,490
Trust receipts	4,283,534	-	342,703	(4,626,237)	-
	259,293,300	128,637,300	27,164,808	(183,284,918)	231,810,490
2022					
Term loans	263,080,632	88,204,822	15,349,184	(111,624,872)	255,009,766
Trust receipts	4,334,825	11,607,824	291,443	(11,950,558)	4,283,534
	267,415,457	99,812,646	15,640,627	(123,575,430)	259,293,300

Bank overdrafts and secured bank borrowings are repayable as follows:

	2023 AED	2022 AED
Current portion	183,331,187	40,050,867
Non-current portion	201,020,727	221,535,573
	384,351,914	261,586,440

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

Loan	Currency	Year of maturity	2023	2023	2022	2022
			Face value AED	Carrying amount AED	Face value AED	Carrying amount AED
Term loan 1	AED	2023	21,000,000	-	21,000,000	1,500,000
Term loan 2	AED	2024	10,000,000	2,285,775	10,000,000	4,500,000
Term loan 3	AED	2030	75,000,000	41,000,000	75,000,000	42,000,000
Term loan 4	AED	2030	25,697,000	3,797,965	25,697,000	3,624,567
Term loan 5	AED	2023	3,742,484	-	3,742,484	1,247,495
Term loan 6	AED	2025	10,024,512	4,715,243	10,024,512	7,412,944
Term loan 7	AED	2031	120,000,000	96,000,000	120,000,000	108,000,000
Term loan 8	AED	2025	4,098,512	4,145,969	4,098,512	4,146,635
Term loan 9	AED	2031	45,500,000	38,568,359	45,500,000	44,078,125
Term loan 10	AED	2030	38,500,000	33,687,500	38,500,000	38,500,000
Term loan 11	AED	2026	7,468,753	7,609,679	-	-
Total			361,031,261	231,810,490	353,562,508	255,009,766

Secured Term loans

The secured term loans are secured against some investment properties with carrying amount of AED 206,892,606 (2022: AED 209,601,865), one property owned by the Group and included in property and equipment with carrying amount of AED 17,286,370 (2022: AED 18,068,035) and investment in associate with fair value of AED 119,400,097 (2022: AED 91,227,040) (Refer note 15).

Hily Holding PJSC

Notes to the consolidated financial statements

27 Trade and other payables

	2023 AED	2022 AED
Trade payables	100,180,114	48,642,720
Accruals (note 27.1)	11,014,162	19,237,143
Advances from customers (Note 5)	5,355,625	5,761,149
Retention payable (note 27.2)	-	257,813
Other payables	3,852,064	5,159,467
	<u>120,401,965</u>	<u>79,058,292</u>

27.1 Included in accruals, is an amount payable of AED 4,871,205 (2022: AED 5,571,511) to an investment consultancy Company which is a related party of the Group. Investment consultancy expense amounted to AED 4,871,205 (2022: AED 5,571,511).

27.2 Included in retention payable, is an amount payable of AED nil (2022: AED 257,813) 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.

28 Related parties transactions and balances

The Group, in the normal course of business, enters into transactions with other enterprises, which fall within the definition of a related party contained in IAS 24. Such transactions are on agreed terms and conditions with related parties.

	2023 AED	2022 AED
Amounts due from related parties		
Entities with Significant influence	500,817	688,845
Key management personnel	161,222	106,760
Other related parties	6,315,757	2,171,028
	<u>6,977,796</u>	<u>2,966,633</u>
Amounts due to related parties		
Entities with Significant influence	43,094	23,386
Other related parties	66,451	507,327
	<u>109,545</u>	<u>530,713</u>

Hily Holding PJSC

Notes to the consolidated financial statements

28 Related parties transactions and balances (continued)

The Group's balances with related parties for providing investment consultancy is included in the consolidated statement of financial position are as follows:

	2023 AED	2022 AED
Included in accruals (Other related party)	<u>4,871,205</u>	<u>5,571,511</u>
	<u>4,871,205</u>	<u>5,571,511</u>

Transactions with related parties are carried at agreed rates and are to be settled on demand. The transactions are disclosed below: (also refer note 27)

	2023 AED	2022 AED
Sales		
- Entities with significant influence	828,421	-
- Key management personnel	450,182	-
- Other related parties	<u>5,694,523</u>	<u>4,389,120</u>
	<u>6,973,126</u>	<u>4,389,120</u>
Purchases		
- Entities with significant influence	221,178	-
- Other related parties	<u>5,001,092</u>	<u>4,891,558</u>
	<u>5,222,270</u>	<u>4,891,558</u>

Hily Holding PJSC

Notes to the consolidated financial statements

28 Related parties transactions and balances (continued)

Key management personnel compensation

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

	2023	2022
	AED	AED
Short term benefits - Salaries	3,593,219	2,806,485
Short term benefits – leave accrual	382,143	209,908
Employees' end of service benefits	797,178	629,027
Total	<u>4,772,540</u>	<u>3,645,420</u>

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.

29 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:

	2023	2022
Profit for the year, year, attributable to the owners of the Company (AED)	<u>6,526,862</u>	<u>77,329,961</u>
Weighted-average number of ordinary shares issued	<u>120,000,000</u>	<u>120,000,000</u>
Basic and diluted earnings per share (AED)	<u>0.05</u>	<u>0.64</u>

30 Contingencies and capital commitments

Contingent liabilities

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

	2023	2022
	AED	AED
Bank guarantees	<u>1,987,245</u>	<u>2,193,239</u>
Letter of Credit	<u>2,414,921</u>	<u>-</u>

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

Hily Holding PJSC

Notes to the consolidated financial statements

30 Contingencies and capital commitments (continued)

Capital commitments

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

	2023	2022
	AED	AED
Warehouse expansion	41,817,382	71,015,000

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

Notes to the consolidated financial statements

31 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, logistics 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	Investment properties	Trading	Freight Forwarding, Logistics and storage	Others	Eliminations	Consolidated
	AED	AED	AED	AED	AED	AED	AED
At 31 December 2023							
Assets	1,231,168,631	62,794,496	77,914,814	105,150,556	108,130,519	(465,101,930)	1,120,057,090
Liabilities	468,193,968	8,777,005	5,113,990	123,456,582	114,412	(90,238,306)	515,417,651
Equity-accounted investees	363,458,757	-	-	-	-	-	363,458,757
Capital expenditure	75,570	1,422,714	38,177	22,887,825	-	-	24,424,286

Hily Holding PJSC

Notes to the consolidated financial statements

31 Segment information (continued)

At 31 December 2022												
Assets	1,024,865,943	294,343,889	179,404,041	73,450,922	2,585,666	(629,140,165)	945,510,296					
Liabilities	330,518,451	257,725,900	37,002,486	89,274,435	45,094	(361,782,493)	352,783,873					
Equity-accounted investees	328,648,938	-	-	-	-	-	328,648,938					
Capital expenditure	119,840	25,078	204,190	5,855,253	-	-	6,204,361					

For the year ended 31 December 2023:

	Investment in securities AED	Investment properties AED	Trading AED	Freight forwarding and storage AED	Others AED	Elimination AED	Consolidated AED
Revenue – external							
Revenue from contracts with customers							
- Sale of Goods	-	-	33,337,411	-	-	-	33,337,411
- Fright forwarding and storage services	-	-	-	12,960,494	-	-	12,960,494
Other income	(11,303,138)	35,039,645	-	441,543	-	-	24,178,050
Revenue – internal	-	2,280,465	-	3,656,289	-	(5,936,754)	-
Profit (loss) for the year	(9,654,911)	27,911,167	(8,319,561)	(4,895,496)	1,147,303	-	6,188,502

Hily Holding PJSC

Notes to the consolidated financial statements

31 Segment information (continued)

For the year ended 31 December 2023: (continued)

Interest Income	2,223,826	725,213	-	-	-	-	2,949,039
Interest expense	(34,069,515)	(203,235)	(752,951)	-	(641)	-	(35,026,342)
Depreciation and amortisation	(329,556)	(828,653)	(225,156)	(2,304,190)	-	-	(3,687,555)
Share of results – Al Waha	43,796,339	-	-	-	-	-	43,796,339
Net loss in fair value of investments at FVTPL	(37,477,899)	-	-	-	-	-	(37,477,899)
Net realised income from financial instruments at FVTPL	16,456,563	-	-	-	-	-	16,456,563
Change in fair value of Investment property	-	2,606,551	-	-	-	-	2,606,551

For the year ended 31 December 2022:

Revenue – external	Investment in securities AED	Investment properties AED	Trading AED	Freight forwarding and storage AED	Others AED	Elimination AED	Consolidated AED
Revenue from contracts with customers	-	-	40,793,494	-	-	-	40,793,494
- Sale of Goods	-	-	-	-	-	-	8,947,470
- Fright forwarding and storage services	-	-	-	8,947,470	-	-	-
Other income	62,710,412	33,799,752	-	-	-	-	96,510,164

Hily Holding PJSC

Notes to the consolidated financial statements

31 Segment information (continued)

For the year ended 31 December 2022: (continued)

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
Interest Income	46,017	-	-	-	-	-	46,017
Interest expense	(17,652,948)	(617,362)	(261,243)	(389,369)	(982)	-	(18,921,903)
Depreciation and amortisation	(976,872)	(1,480,087)	(315,068)	(2,508,724)	(230,130)	-	(5,510,881)
Share of results – Al Waha	34,631,805	-	-	-	-	-	34,631,805
Net loss in fair value of investments at FVTPL	(12,273,790)	-	-	-	-	-	(12,273,790)
Net realised income from financial instruments at FVTPL	65,926,230	-	-	-	-	-	65,926,230
Change in fair value of Investment property	-	(2,520,723)	-	-	-	-	(2,520,723)

All the revenue is generated from operations within UAE.

Hily Holding PJSC

Notes to the consolidated financial statements

32 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 2023 AED	Maximum exposure 2022 AED
Trade and other receivables	17	8,312,183	12,073,963
Bank balances (excluding cash in hand)	18	70,147,189	45,242,223
Amounts due from related parties	28	6,977,796	2,966,633
Total credit risk exposure		<u>85,437,168</u>	<u>60,282,819</u>

Hily Holding PJSC

Notes to the consolidated financial statements

32 Financial risk management policies (continued)

Credit risk (continued)

Maximum exposure to credit risk (continued)

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

The Group held cash and cash equivalents of AED 70.14 million at 31 December 2023 (2022: 45.2 million). Major part of the cash and cash equivalents are held with banks and financial institution counterparties, which are rated AA- to BBB+ on Fitch rating agency. The Group also has funds placed with counterparties without any external rating amounting to AED 5.07 million.

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

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

Liquidity risk

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

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

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

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

Hily Holding PJSC

Notes to the consolidated financial statements

32 Financial risk management policies (continued)

Market risk (continued)

At 31 December 2022

Trade and other payables (excluding advances)	73,297,143	(73,297,143)	(73,297,143)	-
Amounts due to related parties	530,713	(530,713)	(530,713)	-
Lease liabilities	7,662,747	(13,897,067)	(1,169,914)	(12,727,153)
Loans and borrowings	261,586,440	(297,297,519)	(50,094,785)	(247,202,734)
Total	343,077,043	(385,022,442)	(125,092,555)	(259,929,887)

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

Hily Holding PJSC

Notes to the consolidated financial statements

32 Financial risk management policies (continued)

Market risk (continued)

Currency risk (continued)

At 31 December 2022

Financial assets (at respective currencies)	3,854,982	44,182	38,067
Financial assets (AED)	14,163,205	441,823	363,647
Effect on profit for the year (AED)	-	44,182	36,365

Exchange rate

- As at 31 December 2022	3.6725	9.7524	9.5388
- Average for the year	3.6725	9.7373	9.5388

The increase would have an opposite impact.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit based on the floating rate financial instruments held at 31 December 2023 and 31 December 2022. The aggregate exposure as of 31 December 2023 amounted to AED 384,351,914 (2022: AED 261,586,440).

	Increase in basis points	Impact on profit or (loss)
31 December 2023	+100	3,228,831
AED	-100	(3,228,831)
 31 December 2022		
AED	+100	2,615,864
	-100	(2,615,864)

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.

Hily Holding PJSC

Notes to the consolidated financial statements

32 Financial risk management policies (continued)

Market risk (continued)

Interest rate risk (continued)

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

Capital management

The 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.

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	2023 AED	2022 AED
Borrowings	26	384,351,914	261,586,440
Lease liabilities	25	7,031,122	7,662,747
Trade and other payables	27	120,401,965	79,058,292
Amounts due to related parties	28	109,545	530,713
Less: bank balances and cash	18	(70,223,083)	(45,304,127)
Net debt		441,671,463	303,534,065
Total capital		604,639,439	592,726,423
Capital and net debt		1,046,310,902	896,260,488
Gearing ratio		42%	34%

Hily Holding PJSC

Notes to the consolidated financial statements

33 Fair values of financial instruments

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

Breakdown of financial assets are as follows:

	Note	2023 AED	2022 AED
Trade and other receivables	17	8,312,183	12,314,997
Bank balances (excluding cash in hand)	18	70,147,189	45,242,223
Amounts due from related parties	28	6,977,796	2,966,633
Investments held at fair value through other comprehensive income ("FVTOCI")	14	77,528,443	32,642,449
Investments held at fair value through other through profit or loss ("FVTPL")	14	227,510,434	187,346,001
		<u>390,476,045</u>	<u>280,512,303</u>

34 Accounting estimates and judgments

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

Estimates

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 10)

Hily Holding PJSC

Notes to the consolidated financial statements

34 Accounting estimates and judgments (continued)

Estimates (continued)

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 2023 and 2022, management have used their market knowledge and professional judgment and have not only relied solely on historic transactional comparables. (Refer to note 13)

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 16)

Provision for expected credit losses for trade and other receivables

The Group uses a provision matrix to calculate ECLs for trade 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 17)

Hily Holding PJSC

Notes to the consolidated financial statements

35 Corporate Tax

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

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

For the Group, current taxes shall be accounted for as appropriate in the financial statements for the period beginning 1 January 2024. In accordance with IAS 12 Income Taxes, the related deferred tax accounting impact has been considered for the year ended 31 December 2023.

The management of the Group is opting to form a tax Group where in Foodco National Foodstuff PJSC and Abu Dhabi National Foodstuff LLC are included; however, for remaining subsidiaries in UAE the management are exploring whether to include these subsidiaries within the same tax Group at the level of Hily Holding PJSC, the parent Company, for the purpose of determining taxable income in accordance with Article 42 of the Federal Decree Law No. 47 of 2022. Consequently, the Parent Company shall consolidate the financial results, assets and liabilities of the subsidiaries within the Tax group election for the relevant Tax period, eliminating transactions between Parent and each subsidiary that is member of the Tax Group.

The Group has undertaken an assessment of the application of the CT Law and has not identified deferred tax implications in respect of related party transactions or any other matter and thus have not recognised any deferred tax asset or liability as at 31 December 2023.

Corporate Governance Report

Contents:

	Subject	Page
	Introduction	3
1	The company's commitment to implement corporate governance	3
2	Board of Directors trading in the company's shares	4
3	Board of Directors	5
4	Board Committees	7
	Audit Committee	7
	Nomination and Remuneration Committee	9
	Insiders trading follow-up and supervision committee	10
5	Organization Structure & Executive Management	11
6	External Auditor	12
7	Internal Control System	13
8	Violations during 2023	13
9	Social Responsibility of the Company	13
10	General Information.	14

Introduction:

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

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

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

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

In FY 2023, 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- Four Audit Committee and one Nomination and Remuneration Committee meetings were held. Written reports were submitted to the Board of Directors with the recommendations, and implementation for follow-up.
- 4- The independent members of the Board of Directors signed the independence form prepared by the Securities and Commodities Authority (SCA) and the Nomination and Remuneration Committee periodically made sure of their independence and that there was no change in their situation.
- 5- The company disclosed the changes in the executive senior management as soon as they happened.
- 6- The Investor Relations page on the Company's website was updated periodically with the disclosures and information.

2. Board of Directors trading in the company shares

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

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

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

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

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

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

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

Disclosure:

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

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

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

The statement of the board members and their first-degree relatives trading in the securities of the company during the year 2023.

Name	Position/ relationship	Shares held as of 31/12/2023	Total Sale Transactions	Total Purchase Transactions
Ahmed Ali Khalfan Al Dhaheri	Chairman	1,871,798	-	200,000
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	-	-

3. The Board of Directors

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

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

Members of the Board of Directors:

Ahmed Bin Ali Khalfan Al Dhaheri (The Chairman)	Non-executive	The term of membership since the first election: 21 years.
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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.

Rashed Darwish Ahmed Saif Al Ketbi (Vice Chairman)	Independent	The term of membership since the first election: 9 years
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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.

Dr. Mohamed Ali Khamis Mohamed Al Hosani	Independent	The term of membership since the first election: 29 years.
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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.

Mohamed Saeed Abdullallah Mosalam Al Qubaisi	Independent	The term of membership since the first election: 15 years.
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Mr. Al Qubaisi has distinctive business and investment experience in many areas as oil fields, insurance, banking, education and others. He Owns and manages several private institutions (Mohammed Al Qubaisi Projects, Al Najma Services, Al Najma Security Services, Tawam Agriculture). He worked as chairman and member of many boards of directors of local and foreign companies and institutions. He was a member of the Board of Directors of the Abu Dhabi Chamber of Commerce and Industry from 1982 to 1991 and was re-elected to the membership again for the period 2006-2009

Mohamed Ali Khalfan Al Mutawa Al Dhaheri	Non-Executive	The term of membership since the first election: 15 years.
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A results-oriented and seasoned executive with over 16 years of progressive experience in multiple industries, currently in the role of Managing Director for Automotive in Ali & Sons Holding LLC. Possessing comprehensive skill set and proven track record of success, effectively managing diverse portfolio of international automotive brands; Audi, Volkswagen, Skoda, Porsche, MG, and Emirati local brand Eurostar-Rent-A-Car. Actively serves as Board member of Ali & Sons Holding (L.L.C), Hily Holding(PJSC) and the Vice Chairman of Foodco National Foodstuff (PrJSC), providing governance oversight and strategic direction to around 18 subsidiaries across 5 major industries in the gulf region.”

A) Statement of the members of the Board of Directors in other companies”

Member's Name	Membership in other Companies (regulatory, governmental, commercial)	Position
Ahmed Bin Ali Al Dhaheri (The Chairman)	Al Wathba National Insurance Co. Waha Capital Company. Al Ramz Corporation	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. AED1,750,000 was the total paid remuneration to the Board of directors for the year 2022.
2. A board remuneration of AED 600,000/- for the year 2023, will be proposed to the General Assembly which scheduled to be held in April 2024.

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	45,000	4+1
Mohamed Saeed Al Qubaisi	Audit Comt + Nom & Rem Comt	20,000	0+4
Mohamed Ali Al Dhaheri	Nom & Rem Comt	5,000	1

4. Other remuneration paid to the Board Members :

The Board of Directors has approved an additional fees and monthly salary of AED 100,000/- to the Chairman of the Board of Directors for his extra efforts and additional work to serve one of the subsidiaries and addition to his regular duties as the Chairman of the Holding Company.

E) Board of Directors Meetings held during the financial year ended December 31, 2023:

SN	Date of Meeting	Number of Attendees	Number of Attendance by Proxy	Names of Absent members
1	February 24	5	-	-
2	March 21	5	-	-
3	May 11	4	-	Mohamed Saeed Al Qubaisi
4	August 9	4	1	Proxy to Chairman by Mohamed Al AQbaisi
5	November 9	5	-	-

- F) During the year 2023, one Approval By Circulation was issued by the Board.

4. Board Committees

- The Audit Committee

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

b. **Members:** Mr. Mohamed Al Hosni. Chairman (Independent)
Mr. Mohamed Saeed Al Qubaisi. Member (Independent)
Ms. Vibhu Joshi . Member (External Expert)

c. Duties:

- a. Develop and apply the policy of appointing 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:
 5. Any changes in accounting policies and practices.
 6. Highlight the areas of the Board of Directors' discretion.
 7. Substantial adjustments resulting from audit.
 8. Assuming continuity of business.
 9. Compliance with the accounting standards determined by the Authority.
 10. 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 st Meeting	March 20	*	*	*	In presence of the External Auditor
2 nd Meeting	May 10	*	*	*	In presence of the External Auditor
3 rd Meeting	August 7	*	*	*	In presence of the External Auditor
4 th Meeting	November 8	*	*	*	In presence of the External Auditor

- 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 st Meeting	March 2	-	*	*



- 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 2023:

- Maintain and review the Insiders' List periodically and ensure that it is updated immediately on the ADX website.
- Ensure that all insiders have signed and confirmed their commitment to maintain the confidentiality of information and data relating to the company and its customers and bear all legal effects in the event of leakage of this information or data, and notify the company of any transactions they make on the securities of the parent company or subsidiary before and after the conduct of such trades.
- Request a periodic report from the Abu Dhabi Securities Exchange for insider trading and ensure its conformity with the company's record and disclosures of those insiders of their trades, so that the report of the insiders committee will be submitted accordingly to the Board of Directors.

*No Board of Directors' tasks or functions were performed by the Executive Management pursuant to an authorization by the Board of Director to the Management during 2023.

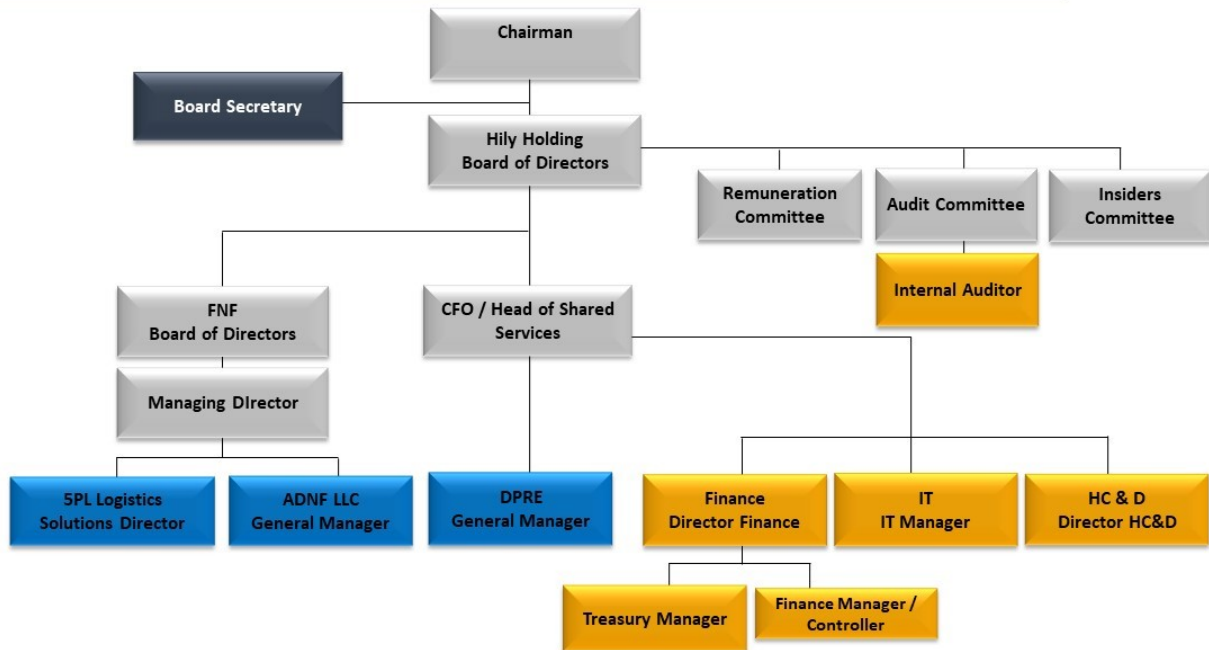
G) Statement of details of transactions made with related parties (stakeholders) during 2023:

Related Party	Sales	Purchases	Nature
Director	5,967,176	(5,001,092)	Sales / Facility management/leasing/ Consultancy fees
Shareholder	887,200	(221,178)	Insurance/ maintenance expense
	6854376	(5222271)	

5. Organization Structure & Executive Management

- Organization Structure:

HILY HOLDING PJSC



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

	Total Salaries and Allowances paid in 2023 (AED)	Total Bonuses paid in 2023 (AED)	Any other cash/in-kind benefits for 2023 paid
Executive Management Team	349,235	3,344,093	-

*This report will be updated as soon as any decisions on cash/in-kind benefits for the year 2023 are due in the future.

6. 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.

Auditing Firm Name	KPMG	
Auditor Partner Name	Mr. Mohammad Zamani	
The number of years served as an auditor for the company	3 years.	
Total fees for auditing the financial statement of 2023 (AED)	AED 210,000/- in addition to extra fees payable in 2023 AED55,000/-	
The fees and costs of the special services other than auditing of the financial statements in 2023 (AED)	AED15,000/-	
The details and nature of other services provided	Report for the procedure of distribution of uncollected dividends before 2015	
Other services performed by an external auditor other than the Companies Auditors in 2023		
	Crowe Mak	AED 7,000/-
	Grand Thornton	AED 85,000
	Grand Thornton	AED 58,380/-
		In-Country Value Certification -ICV
		VAT Consultations
		VAT Consultations

*The were no qualified opinions made by the company's external auditor in the interim and annual financial statements for 2023.

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 24 years' experience within Internal Audit positions. He joined the company on 17/1/2023.
- d. The company did not face any major problems during 2023 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 2023.

8. Violations committed during 2023

No violations committed against the company during 2023.

9. The Company's Contribution During 2023 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's contributions during the year 2023:

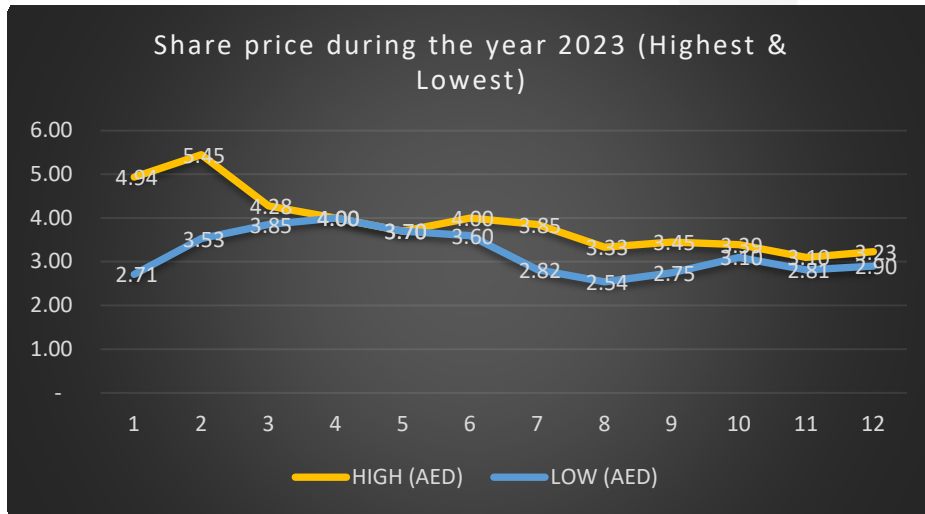
AED56,000/-	Cash to Rashid Center for People of Determination
AED35,000/-	Food Items to Rashid Center for People of Determination

The company also organized blood donation campaign among its employees on July 2023

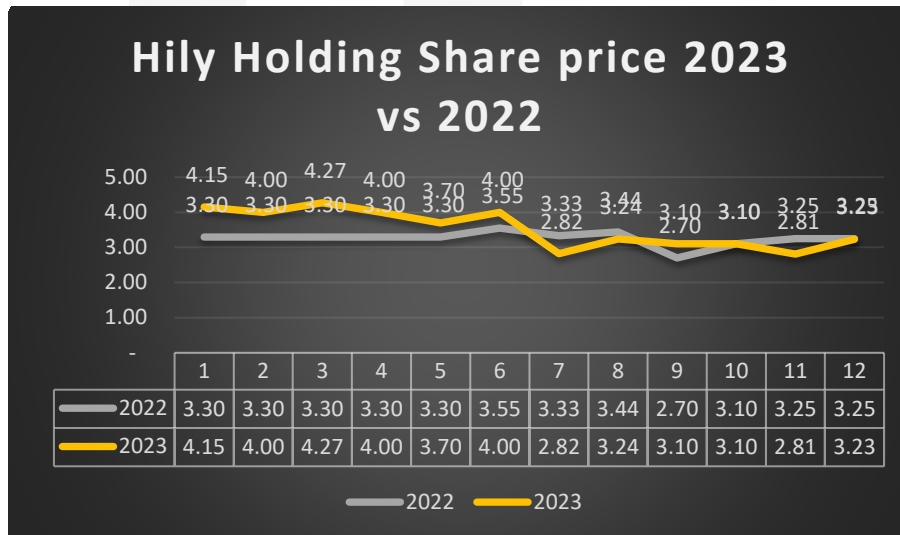
10. General Information

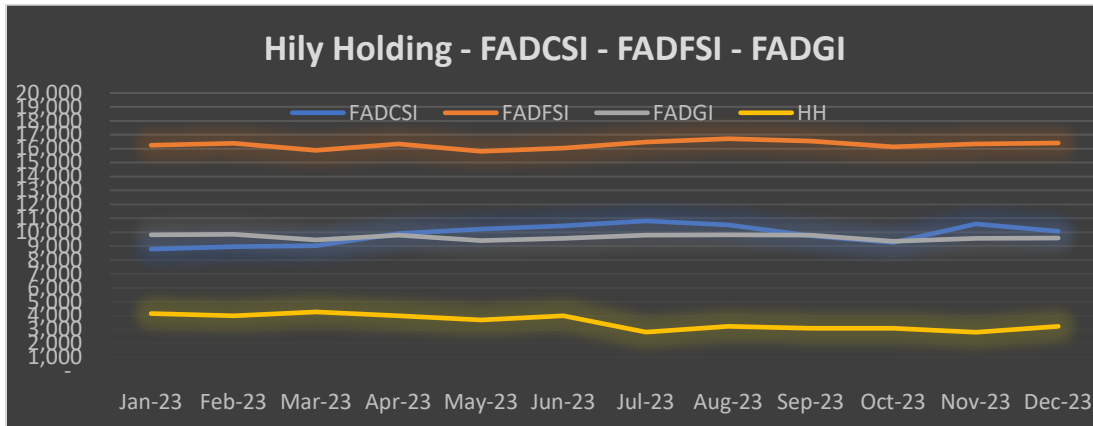
a. Share price during the year 2023 (highest & lowest)

Year	Month	OPEN (AED)	CLOSE (AED)	HIGH (AED)	LOW (AED)
2023	1	2.93	4.15	4.94	2.71
2023	2	3.74	4.00	5.45	3.53
2023	3	4.00	4.27	4.28	3.85
2023	4	4.00	4.00	4.00	4.00
2023	5	3.70	3.70	3.70	3.70
2023	6	4.00	4.00	4.00	3.60
2023	7	3.85	2.82	3.85	2.82
2023	8	2.60	3.24	3.33	2.54
2023	9	3.00	3.10	3.45	2.75
2023	10	3.39	3.10	3.39	3.10
2023	11	3.10	2.81	3.10	2.81
2023	12	2.90	3.23	3.23	2.90



b. Share performance Comparison 2023





FADCSI	FTSE ADX Consumer Staples Index
FADFSI	FTSE ADX Financials Index
FADGI	FTSE ADX General Index

a. Shareholding Distribution as of 31/12/2023:

Shareholder Category	Percentage of Shares Held			
	Individual	Companies	Government	Total%
Local	41.30	26.58	-	99.56
Arab	0.18	-	-	0.18
Foreign	0.25	-	-	0.26
Total	41.74	58.26	-	100%

b. Statement of shareholders holding 5% or more of the capital as of 31/12/2023

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 31/12/2023.

SL	Share(s) Owned	No of Shareholders	No of Shares held	Percentage to Capital
1	Less than 50,000	300	3,170,517	2.64%
2	50,000 -500,000	74	12,682,746	10.57%
3	500,000-5,000,000	9	10,549,615	8.79%
4	More than 5,000,000	5	93,597,122	78.00%

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

1. Investor Relation Officer details:
 Fadi Sarris
 Tel : +971 2 6731000 – ext 1200, Mobile : 056-6888410
 E-mail : Fadi.Sarris@hilyholding.com
2. 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 2023.

	The special resolution	Procedures taken with respect thereto
1.	Approval of the Board of Directors proposal to provide social contributions and authorize the Board of Directors to determine beneficiaries, such contribution shall not exceed (2%) of the company's average net profits during the two prior fiscal years (2021/2022).	Contribution done as stated in item no (9)
2.	Approved the amendment of Articles no (1/22/23/37) of the MOA, as published in the company's website and ADX website.	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. 22 years' experience (accounting, board secretary, investor relations), courses and workshops on governance and sustainability

- **Tasks during the Year 2023:**

- 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. Significant event took place in the company in 2023.

None

h. Statement of the transactions made with related parties during the year 2023 that are equal to 5% or more of the company's capital.

None

i. Emiratization percentage in the company.

Year	2020	2021	2022	2023
Percentage	11.00	1.35	0.90	1.01

j. Innovative projects and initiatives implemented by the company, or which were under development during 2023

None



Ahmed Ali Al Dhaheri
Chairman
of the Board of Directors

21/03/2024



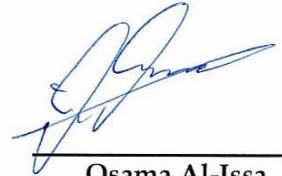
Dr. Mohamed AlHosani
Chairman
of the Audit Committee

21/03/2024



Mohamed AlQubaissi
Chairman of the Nomination
& Remuneration Committee

21/03/2024



Osama Al-Issa
Internal Control
In-Charge

21/03/2024



Sustainability Report

SUSTAINABILITY **REPORT 2023**

TABLE OF CONTENTS

01	Introduction	03	21	Bio Diversity	73
02	About us	04	22	Gender Equality	75
03	Management Statement	05	23	Child Labor	77
04	Organizational Structure	08	24	Age Diversity	79
05	Mission Vision & Goals	11	25	Fostering Inclusion	81
06	About the Report	13	26	Economic Performance	84
07	Our Approach to Sustainability	16	27	Innovation and Reengineering Product Quality & Sustainability	86
08	Our Corporate Values	18	28	Financial Highlights	88
09	Explanation of Hily Holding's Concept of Materiality	20	29	Product & Service Information and Labeling	90
10	Sustainability Framework Key Alignments & Enablers	25	30	Optimizing Values into All Operations	92
11	Hily Holding's Sustainability in Numbers	28	31	Audit	94
12	Our Stakeholder's Thoughts	40	32	Human Rights	96
13	Training & Development	51	33	Clear Info For Marketing	98
14	Preserving & Protecting The Environment	55	34	Risk Management & Internal Controls	100
15	Our Sustainability Framework	58	35	Customer Satisfaction	102
16	Abu Dhabi National Foodstuff	60	36	Hily Holding's Description of Principles	104
17	5PL Logistics	64	37	GRI Context Index	107
18	Dana Plaza Real Estate	66			
19	Occupational Health & Safety	68			
20	Health & Safety at Hily Holding	71			

PREFACE

As we humbly unveil the fifth edition of our annual sustainability report, Hily Holding PJSC reaffirms its steadfast dedication to nurturing sustainable practices that not only fuel our growth but also foster mutual value for all stakeholders involved. This report underscores our enduring commitment to conducting our operations ethically and responsibly, with a sincere focus on advancing environmental stewardship, social welfare, and governance standards. Within these pages, we present our ongoing pursuit of progress, outlining our ESG performance, initiatives, and strides made during the year 2023.

This report was prepared with reference to the Global Reporting Initiative (GRI) Sustainability Standard, ADX ESG Disclosure Guidance, and Sustainable Development Goals (UNSDGs).

Disclaimer

Hily Holding PJSC has made every effort to ensure the accuracy and reliability of the information presented in this report. However, certain statements may be forward-looking. These are based on certain assumptions using currently available information which is subject to a continuously changing environment and emerging new risks. Hily Holding PJSC assumes no obligation to publicly update any information given in this sustainability report. This communication is not intended as a recommendation to buy, sell, or hold securities. We shall not be responsible for any loss or damage of whatever nature that arises due to use of this information.



ABOUT US

Hily Holding PJSC, formerly known as (Foodco Holding), is committed to shaping the future of sustainable business across its diversified portfolio, including the food industry, general trading, and real estate sectors. With a legacy dating back to 1979, we are proud to operate under the patronage of His Highness Sheikh Khalifa Bin Zayed Al Nahyan, President of the UAE, and have emerged as one of the largest investment groups in the country. Headquartered in Abu Dhabi, Hily Holding PJSC is an investment powerhouse with a diversified portfolio of businesses with local and international presence.

Aside from exploring existing and new avenues for investing in a wide range of sectors, Hily Holding PJSC assumes the responsibility for the strategic oversight and governance of the entire group of companies, making decisions on mergers, acquisitions and divestments, as well as providing treasury, human resources and other back-office functions for all subsidiaries within the group.

MANAGEMENT STATEMENT

CHAIRMAN'S STATEMENT

Dear Stakeholders,

Through this report, I am honored to address you and share Hily Holding's humble efforts in embedding sustainable practices throughout our business model.

As we navigate the complexities of the modern business landscape, we understand that our journey towards sustainability is ongoing and requires continuous improvement. We remain committed to evolving our practices, setting ambitious goals on consistent and competitive brand growth, and aligning our business impact to UAE's visionary goals. Together, we endeavor to forge a future characterized by resilience and responsibility.

We extend our heartfelt gratitude to all our stakeholders for their unwavering support and collaboration on our journey.

Ahmed Bin Ali Al Dhahry
Chairman of the Board

MANAGEMENT STATEMENT

Dear Stakeholders,

At Hily Holding, we emphasize the crucial role our employees play in our sustainability efforts. They are the backbone of our organization, driving us forward with their dedication and expertise.

Amidst our journey of growth and expansion, it becomes imperative to uphold the financial sustainability and responsibility of our operations. By seamlessly integrating sustainability into our financial strategies, we not only mitigate risks but also uncover avenues for long-term value creation.

In today's ever-evolving business landscape, ESG factors stand as crucial determinants of our success, influencing investment decisions, shaping brand perception, and nurturing stakeholder relationships. Through targeted initiatives centered on waste reduction, carbon emissions minimization, and the promotion of ethical practices across our value chain, we fulfill our corporate responsibilities while driving positive impact throughout our operations.

Mohamed Hafez
Chief Financial Officer

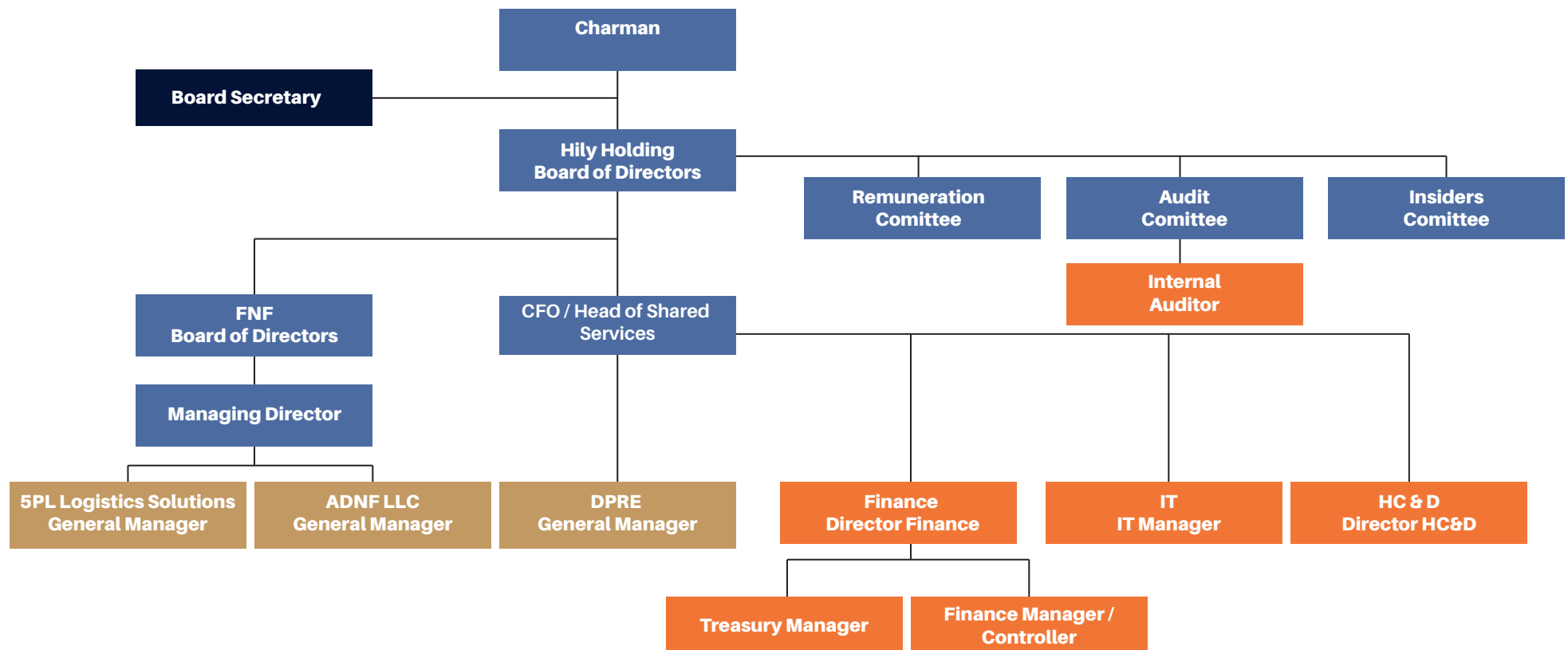


04

ORGANIZATIONAL STRUCTURE

ORGANIZATIONAL CHART

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. The nomination and selection of the highest governance body is done in accordance to the corporate governance guidelines stated by the laws of the UAE government and the SCA guidelines.



BOARD OF DIRECTORS



Ahmed Bin Ali Al Dhahry
Chairman of the Board



Rashed Darwish Ahmed
Vice Chairman



Mohammed Ali Al Hosani
Board Member



Mohamed Saeed Abdulla Al Qubaisi
Board Member



Mohamed bin Ali Al Dhahry
Board Member

05

MISSION, VISION & GOALS

MISSION

Be a Support System

By enacting growth and enabling the best corporate governance practices across all group levels

VISION

Act as a mentor

By ensuring subsidiary companies are properly resourced and well managed to ultimately achieve their core objectives.

PROMISE

Sustain Growth

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

GOALS

Sustainability Leadership: Strive for excellence in ESG practices.

Community Impact: Improve well-being through targeted initiatives.

Portfolio Diversification: Expand investments sustainably.

Governance Excellence: Uphold highest ethical standards.

Stakeholder Engagement: Foster transparent collaboration.

Talent Development: Invest in employee growth and diversity.

Innovation and Technology: Utilize innovation for efficiency and sustainability.

Partnerships: Collaborate for societal and environmental impact.

06

ABOUT THE REPORT

ABOUT THE REPORT

Our Approach

Our approach to sustainable business is rooted in three core principles: innovation, responsibility, and collaboration.

In the food industry, through our subsidiary Foodco National, we prioritize sourcing practices that support local suppliers, promote fair trade, and ensure the highest standards of food safety and quality. We are committed to reducing food waste through efficient supply chain management and promoting healthier eating habits within our communities.

In the realm of general trading, our commitment to sustainability extends to every aspect of our operations. We strive to partner with suppliers and vendors who share our values of environmental stewardship and social responsibility. Through our investments in technology and logistics, we aim to minimize our carbon footprint and optimize resource utilization across our supply chain.

In the real estate sector, our subsidiary Dana Real Estate is dedicated to developing sustainable communities that prioritize energy efficiency, green building practices, and public spaces that foster social cohesion and well-being. We are committed to urban development that respects the natural environment and enhances the quality of life for residents.

Moreover, as part of our overarching strategy, we actively seek opportunities to collaborate with government entities, non-profit organizations, and industry partners to drive positive change and advance sustainability initiatives on a broader scale. At Hily Holding PJSC, sustainability is not just a corporate buzzword – it's a fundamental aspect of our business ethos, guiding our decisions and actions as we work towards a more prosperous and resilient future for generations to come.

ABOUT THE REPORT

Reporting Framework

Hily Holding's 2023 Sustainability Report adheres to the GRI Sustainability Reporting Standards, aligning with global frameworks like the UN SDGs and UNGC Principles. It also reflects local strategies such as Dubai Plan 2040 and Abu Dhabi Economic Vision 2030, demonstrating commitment to regional sustainability goals.

The report encompasses material topics within Hily Holding's direct control, including direct employees, owned assets, sectors, agencies, and subsidiaries. Additionally, it acknowledges indirect influence over entities through business relationships with contractors, suppliers, customers, and vendors across various operations. This comprehensive approach ensures transparency and accountability in addressing sustainability concerns and promoting positive impacts throughout the organization and its extended network.

Feedback and Suggestions

We welcome all feedback and suggestions on any of our activities and operations, including our sustainability performance and commitments. Your feedback and suggestions are valuable to us as we strive to improve our sustainability performance and commitments. Please feel free to share your thoughts and ideas with us at info@hilyholding.com.

We appreciate your engagement and look forward to hearing from you.

07

OUR APPROACH TO SUSTAINABILITY

OUR APPROACH TO SUSTAINABILITY

Sustainable Supply Chain Management: Companies are implementing sustainable practices throughout their supply chains by sourcing materials responsibly, reducing waste, and ensuring ethical labor practices. By collaborating with suppliers who share their commitment to sustainability, these companies minimize environmental and social impacts while enhancing transparency and accountability.

Circular Economy Initiatives: Embracing the principles of a circular economy, some companies are redesigning products and processes to minimize waste and maximize resource efficiency. This includes initiatives such as product refurbishment, recycling programs, and the use of sustainable materials, ultimately reducing environmental degradation and promoting long-term sustainability.

Carbon Neutrality Commitments: Many companies are setting ambitious targets to achieve carbon neutrality or net-zero emissions by reducing greenhouse gas emissions across their operations. Through measures such as energy efficiency improvements, carbon offsetting, and investments in carbon capture technologies, these companies aim to mitigate climate change and contribute to a more sustainable future.

Stakeholder Engagement and Transparency: Companies are engaging with stakeholders, including investors, employees, customers, and communities, to gather input, foster dialogue, and build trust around sustainability initiatives. By being transparent about their environmental, social, and governance (ESG) performance, these companies demonstrate accountability and drive positive change in their industries and beyond.

Innovation for Sustainability: Companies are harnessing innovation and technology to develop sustainable solutions to complex challenges. This includes advancements in clean energy, sustainable agriculture, waste management, and water conservation, among others. By investing in research and development, these companies drive progress towards a more sustainable and resilient future.





OUR CORPORATE VALUES

OUR CORPORATE VALUES



Preserve Reputation

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



Leadership, Teamwork & Stakeholder Engagement

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



Environmental Stewardship

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



Transparency and Accountability

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



Employee Empowerment

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



Continuous Improvement

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

09

EXPLANATION OF HILY HOLDING'S CONCEPT OF MATERIALITY

EXPLANATION OF HILY HOLDING'S CONCEPT OF MATERIALITY

In preparing our sustainability report for the year 2023, Hily Holding Company conducted a comprehensive assessment to identify and prioritize the environmental, social, and governance (ESG) issues that are most significant to our business and stakeholders. This process, known as materiality assessment, is fundamental to ensuring that our sustainability efforts are focused on addressing the issues that matter most in driving long-term value creation and stakeholder engagement.

Through engagement with a diverse range of stakeholders, including investors, customers, employees, suppliers, and community members, we identified a set of key ESG topics that have the potential to impact our business operations, financial performance, and relationships with stakeholders. These topics were evaluated based on their relevance to our business strategy, the level of stakeholder concern, regulatory requirements, and emerging trends in our industry.



EXPLANATION OF HILY HOLDING'S CONCEPT OF MATERIALITY

As a result of this assessment, we have identified several material ESG issues that are central to our sustainability agenda for 2023 and beyond. These include:

CARBON EMISSIONS REDUCTION

Given the increasing global focus on mitigating climate change, reducing our carbon footprint is a critical priority for Hily Holding. We recognize the importance of transitioning to renewable energy sources, improving energy efficiency, and implementing carbon offsetting measures to minimize our environmental impact.

SUPPLY CHAIN SUSTAINABILITY

Our supply chain plays a crucial role in our sustainability performance, and we are committed to promoting responsible sourcing practices, ethical labor standards, and transparency throughout our supply chain. We aim to work collaboratively with our suppliers to address key sustainability challenges and drive positive social and environmental outcomes.

COMMUNITY ENGAGEMENT

Engaging with and supporting the communities in which we operate is integral to our corporate ethos. We are dedicated to creating meaningful initiatives that address local needs, foster social cohesion, and contribute to community development.

EMPLOYEE WELL-BEING

Our employees are our most valuable asset, and we prioritize their health, safety, and well-being. We are committed to providing a supportive work environment, promoting diversity and inclusion, and investing in employee development and training programs.

ETHICAL BUSINESS PRACTICES

Upholding the highest standards of integrity, ethics, and governance is fundamental to our business conduct. We are committed to combatting corruption, promoting transparency, and adhering to legal and regulatory requirements in all aspects of our operations.

These material ESG issues form the foundation of our sustainability strategy and guide our efforts to create value for our stakeholders while driving positive impact for society and the environment. In the following sections of this report, we will provide detailed information on how we are addressing these issues, including our goals, targets, and progress to date.

Our Certifications & Accreditations



RISK MANAGEMENT
SYSTEM



QUALITY MANAGEMENT
SYSTEM



FOOD SAFETY MANAGEMENT
SYSTEM



World's Heaviest
Bag of Rice



(AGA Certified)
(Valid to 2026)



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



Hily Holding scored
41.42% in ICV



Global Affinity Alliance
-Membership-

Our Certifications & Accreditations



5PL-ISO 2015 9001 CERTIFICATE



5PL-ISO 2018 22000 CERTIFICATE



5PL-ISO HACCP CERTIFICATE

10

**SUSTAINABILITY
FRAMEWORK**
KEY ALIGNMENTS,
AND ENABLERS

SUSTAINABILITY FRAMEWORK

KEY ALIGNMENTS, AND ENABLERS

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





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

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

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

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

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

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



HILY HOLDING'S SUSTAINABILITY IN NUMBERS

HILY HOLDING'S

SUSTAINABILITY IN NUMBERS

70.476 Million AED
REVENUE

1,120.00 Million AED
INVESTMENT

0(Zero) Legal Cases
BRIBERY OR CORRUPTION

0(Zero) Legal Cases
OF MONEY LAUNDRY

Ethical, Responsible & Profitable Business

UAE Vision 2021

Pillar: United in Responsibility

The UAE National Vision 2021 seeks to foster a culture of social responsibility and ethical conduct among individuals and organizations across the country. This entails upholding the utmost ethical standards and complying with all relevant laws and regulations.

In our pursuit of maintaining an ethical, responsible, and successful business, Hily Holding P.J.S.C has remained steadfast in adhering to the highest ethical principles and ensuring strict compliance with legal requirements. Our commitment is reflected in our impeccable track record, with zero instances of bribery or corruption. Furthermore, we have prioritized the safety and well-being of our employees, customers, and stakeholders, achieving a remarkable %95 satisfaction rate. We have also taken proactive steps to cultivate a fair and inclusive work environment. Moreover, while ensuring profitability, we remain dedicated to upholding our social responsibility and sustainability objectives.

HILY HOLDING'S SUSTAINABILITY IN NUMBERS

3 GOOD HEALTH
AND WELL-BEING



5 GENDER
EQUALITY



Diversity, Health & Safety

UAE Vision 2021

Pillar: Cohesive Society and Preserved Identity

The UAE National Vision 2021 is dedicated to forging a united and inclusive society that cherishes diversity and prioritizes the welfare of all its members. This encompasses the promotion of good health and well-being, ensuring equal opportunities for everyone, and establishing secure and safe communities.

At Hily Holding, our steadfast commitment to nurturing diverse, thriving, and secure communities has been paramount over the past year. We have actively supported the communities where we operate, striving for gender equality with an 8% increase in female hires and reducing inequality by employing individuals from 23% different nationalities, thus investing in community advancement. Moreover, we have placed significant emphasis on the health and safety of both our employees and customers, implementing rigorous measures to prevent accidents or injuries, resulting in a commendable zero percent incident record.

HILY HOLDING'S SUSTAINABILITY IN NUMBERS



Virginia healthy Meal-On-The-Go

Introduced

100.00 % Suppliers Evaluation

and screening for Quality, health, safety
and environmental compliance

16.4 Million AED

Ready for sale Products

New SKUs

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

Innovation and Reengineering Product Quality & Sustainability

UAE Vision 2021

Pillar: Competitive Knowledge Economy

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

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

HILY HOLDING'S SUSTAINABILITY IN NUMBERS



103 Tones

Recycled Waste



15% of waste

Is landfilled



8% Decrease

in GHG emission



12% Decrease

in electricity Consumption



21% Decrease

in Water Consumption

Preserving And Protecting The Environment

UAE Vision 2021

Pillar: Sustainable Environment and Infrastructure

The UAE National Vision 2021 endeavors to safeguard the environment for future generations through the promotion of sustainable practices and the reduction of the nation's carbon footprint. This encompasses initiatives aimed at water conservation, waste minimization, and the advancement of renewable energy sources alongside sustainable infrastructure development.

At Hily Holding, our commitment to environmental preservation is unwavering. We have integrated sustainable practices across our operations, resulting in an 8% reduction in our carbon footprint, a 16% decrease in water consumption, and an 11% reduction in landfill waste. Additionally, we have made strategic investments in renewable energy, beginning with the implementation of efficient lighting solutions in our offices, and we are actively working to enhance the sustainability of our supply chain.

HILY HOLDING'S

SUSTAINABILITY IN NUMBERS

Procurement Practices (GRI 204, G4)

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

Total Number of Suppliers	Total Number of Suppliers	Total Number of Suppliers
2022	43	36
2023	52	47

Hily Holding Total Procurement Spending was increased among the years, which enhances and helps in the development of Business Practice for several industries inside and outside UAE.

	Total Procurement Spending (in AED)
2021	1,115,168.55
2022	1,122,355.09
2023	1,752,541.79

Hily Holding took a strategic move to the journey of ICV score improvement pathway to greening business success. Which gives the power to access new markets, gain a competitive edge, and enhance Hily Holding's reputation. However, based on global challenges in the recent years, Hily's ICV score was slightly decreased, and the company is putting more plans and improving the system to fix that.

2021	(23.05.23-31.08.22) 2022	2023 (05.10.23 -26.05.24)
N/A	50.15%	41.42%

HILY HOLDING'S

SUSTAINABILITY IN NUMBERS

TRAINING PLAN FOR 2023

SI No	Training Program 2023	Trainee Team	Category	Organized	Trainer	2023 Training Programs Schedule												Duration (H)	Total No of Trainees
						Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
01	Facility Management Professional Course	DPRE GM - FM Manager	Technical	Out-Sourced	Blue Ocean						4,5,6							24	3
02	Corporate Tax Training	Finance	Technical	Out-Sourced	Bin Otaina Advisory								14					3	13
03	Anti-Money Laundering	All Department	Technical	Out-Sourced	Walid & Osama									18				5	20
04	ISO 31000 - Risk Management	Finance, Internal Auditor QAQC	Technical	Out-Sourced	ISOBIZ				26									2	5
05	ISO Certification	DPRE, QAQC	Technical	Out-Sourced	Haseeb					9								2	4
06	EFST (Essential Food Safety Training)	EHS Team	Technical	Out-Sourced	AMAN Integrated								23,30	21,26				20	58
07	Emergency Preparedness	EHS Team	Technical	Out-Sourced	Tatweer				10		29							10	20
08	Fire Safety Training	EHS Team	Technical	Out-Sourced	Tatweer				17			5						10	9
09	First Aid Training	EHS Team	Technical	Out-Sourced	Tatweer				10		22							10	9
10	Basic Food Safety Training - 5PL	EHS Team	Technical	In-House	Akhil				10			25	1					3	26
11	Basic Food Safety Training	EHS Team	Technical	Out-Sourced	Splendid Quality									14,16				10	3
12	Person In Charge - Level 2	EHS Team	Technical	Out-Sourced	Splendid Quality									18,19				10	1
																		109	171

HILY HOLDING'S

SUSTAINABILITY IN NUMBERS

II Energy and Emissions (GRI 302, GRI 305, E1, E2, E3, E4, E5)							
Direct Emissions- Scope 1							
SCOPE	DESCRIPTION OF DATA	SOURCE	TYPE	UNIT	2021	2022	2023
Scope 1 - Direct Emissions	Total fuel consumption per type of vehicle/equipment for all company owned/controlled vehicles for operation and employees	Owned /controlled (Vehicles, and equipment)	Petrol	Liters or other	Data Unavailable	6 petrol vehicles 28,406.58	26,417.34
			Diesel		Data Unavailable	27 Diesel Fleet vehicles 223,671.82	180,944.00

III Energy and Emissions (GRI 302, GRI 305, E1, E2, E3, E4, E5)				
Indirect Emissions - Scope 2				
SCOPE	DESCRIPTION OF DATA	SOURCE	UNIT/BUILDING	Location: (Mafraq WH)
Scope 1 - Indirect Emissions	2021			
	Total consumption of electricity	Purchased Electricity	kWh	2,702,306
	Total consumption of chilled water	Chilled Water	m ³ or kWh	N/A
	2022			
	Total consumption of electricity	Purchased Electricity	kWh	2,693,145
	Total consumption of chilled water	Chilled Water	m ³ or kWh	N/A
	2023			
	Total consumption of electricity	Purchased Electricity	kWh	2,589,833
Total consumption of chilled water	Chilled Water	m ³ or kWh	N/A	

HILY HOLDING'S

SUSTAINABILITY IN NUMBERS

Paper Consumption							
DESCRIPTION OF DATA	Source	Type	UNIT	2021	2022	2023	Reduction Targets along with the baseline and targeted year, if any
Total amount of paper consumed in number of paper boxes (500 sheets), per type and source of paper (HQ and branches)	Total number of paper consumed (paper count)	Number	Number	112 paper boxes (280,000 Sheets)	80 paper boxes (200,000 Sheets)	73 paper boxes (182,500 Sheets)	10% Reduction Target 8.75% Reduction Achieved
	Type of Paper	A4 or A3, or other	Type	A4	A4	A4	
	Source of Paper	Virgin, Recycled or Mix	Source	Recycled	Recycled	Recycled	
Total amount of tissue boxes consumed	Total number of tissue boxes consumed	Number of Boxes	Number	200	145	120	15% Reduction Target 17.8% Reduction Achieved
		Size of Boxes	Size	150 x 2 ply	150 x 2 ply	150 x 2 ply	
		Type of Tissue	Type	Facial	Facial	Facial	

HILY HOLDING'S

SUSTAINABILITY IN NUMBERS

Water and Effluents (GRI 303, E6)				
Water Consumption				
DESCRIPTION OF DATA	SOURCE	UNIT	Location 1, <i>please specify</i> (Mafraq)	Reduction Targets along with the baseline and targeted year, if any
2021				
Total amount of water consumed	Total volume of water consumed	Liters		
Total amount of water recycled	Total volume of water recycled	Liters	N/A	
Total amount of wastewater	Total volume of wastewater generated	Gallons	N/A	N/A
2022				
Total amount of water consumed	Total volume of water consumed	Liters		
Total amount of water recycled	Total volume of water recycled	Liters	N/A	
Total amount of wastewater	Total volume of wastewater generated	Gallons	8,15,000	N/A
2023				
Total amount of water consumed	Total volume of water consumed	Litres		
Total amount of water recycled	Total volume of water recycled	Litres	N/A	
Total amount of wastewater	Total volume of wastewater generated	Gallons	4,65,000	Reduction Target 50% Reduction Acheived 57%

HILY HOLDING'S

SUSTAINABILITY IN NUMBERS

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

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

Please describe any occupational health and safety training provided to employee, including generic training as well as training on specific work-related hazards

Safety orientation and induction provided to staffs, food safety related trainings, First aid, fire fighting, emergency preparedness training, Essential Food safety trainings

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

Please describe your organization's approach to preventing or mitigating significant negative occupational health and safety impacts that are directly linked to your operations/products/services, and the related hazards and risks

- 1) Eliminate the hazard. Remove it completely from your workplace.
- 2) Substitute the hazard.
- 3) Isolate the hazard.
- 4) Use engineering controls.
- 5) Use administrative controls.
- 6) Use personal protective equipment (PPE), Visitor's Policy, Work Permit Issuance & Procedure in place

Workers covered by an Occupational Health and Safety Management System (GRI 403-8)

What is the number/percentage of employees and workers who are covered by the organization's occupational health and safety management system?

All Employees

Has your occupational health and safety management system been internally audited?

OHSAS is not certified or implemented as standard. But routine internal checks are carried out

Has your occupational health and safety management system been audited or certified by an external party?

Not Required

HILY HOLDING'S

SUSTAINABILITY IN NUMBERS

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

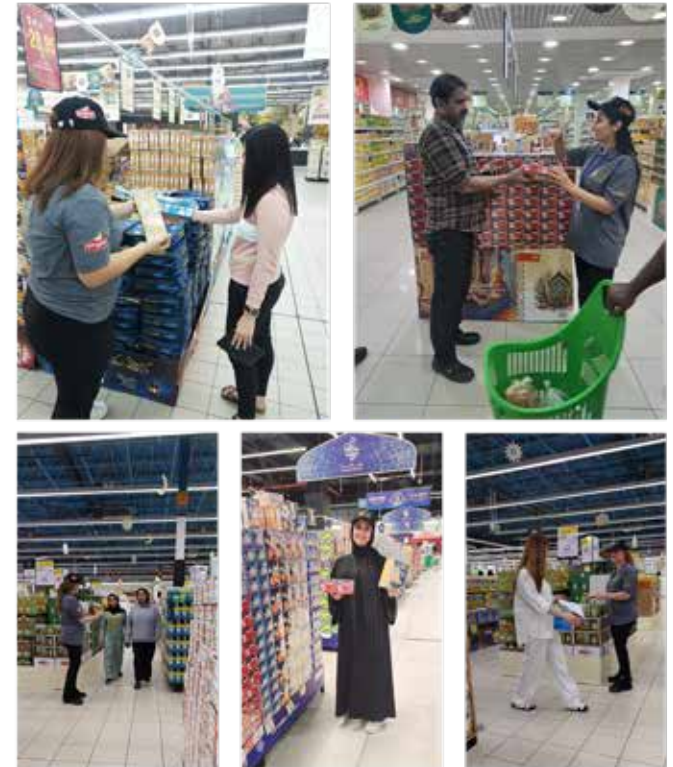
OUR STAKEHOLDERS' THOUGHTS

OUR STAKEHOLDERS' THOUGHTS

Customers

In our pursuit of sustainability, Hily Holding values customer feedback as a critical tool for understanding their needs and expectations. Through various channels such as customer feedback forms and engagement on social media platforms, we actively listen to our customers to enhance our products and services. This commitment aligns with Sustainable Development Goal 8 - Decent Work and Economic Growth, as well as GRI 413 - Local Communities, emphasizing our dedication to fostering positive impacts within the communities we serve. Furthermore, this approach resonates with the objectives outlined in the UAE Vision 2021, particularly in striving for world-class healthcare and education standards.

Responding to our customers' desire for healthy and premium-quality products, we introduced nutritious options such as brown rice and Sherazade royal and Virginia Meal-on-the-Go. The result has been a notable increase in customer satisfaction, reaching %95, and revenue growth across our product lines. Our marketing team has played a pivotal role in raising brand awareness, ensuring continuous availability and maintaining an active presence on social media platforms to engage directly with our customers. Through these efforts, we aim to continually improve our offerings while maintaining a strong commitment to sustainability and customer satisfaction



**< 1.2 Customer complaints
per a million-product sold**

OUR STAKEHOLDERS' THOUGHTS



SUPPLIERS AND INVESTORS

At Hily Holding, we prioritize sustainability and ethical business practices throughout our supply chain. We actively engage with our suppliers to ensure that they share our commitment to these principles. By collaborating closely, we can optimize our supply chain operations and minimize our environmental impact. This approach is in line with Sustainable Development Goal 12 - Responsible Consumption and Production, Global Reporting Initiative (GRI) 308 - Supplier Environmental Assessment, and the UAE Vision 2021 - Sustainable Environment and Infrastructure.

We have diligently screened and evaluated %100 of our suppliers to verify their adherence to sustainable business practices and ethical conduct. This rigorous process ensures that our entire supply chain reflects our values and contributes to our sustainability goals.

Maintaining open communication with both national and international suppliers is integral to our operations. We prioritize sustainable consumption and smooth production patterns, ensuring the continuous availability of strategic stocks. Our suppliers network spans across Asia to America, encompassing countries such as Morocco, Egypt, Turkey, Indonesia, Thailand, India, China, Pakistan, Vietnam, America, Lebanon, Saudi Arabia, and includes local suppliers in the UAE.

Through our strategic approach to supplier engagement and supply chain management, we strive to promote sustainability and responsible business practices at every stage of our operations.

Hily Holding maintains transparent communication channels with investors, utilizing annual reports, sustainability reports, and investor meetings. Our commitment to disclosing sustainability performance aims to bolster investor confidence and attract sustainable investment. This practice aligns with SDG 9 (Industry, Innovation, and Infrastructure), GRI 201 (Economic Performance), and UAE Vision 2021 (Sustainable Economic Growth).



OUR STAKEHOLDERS' THOUGHTS

COMMUNITY



At Hily Holding, our commitment to sustainability and corporate social responsibility (CSR) extends beyond mere rhetoric to tangible actions that positively impact our local community. Through a multifaceted approach that includes active engagement in volunteering initiatives and the implementation of various CSR projects, we strive to be a responsible corporate citizen while fostering trust and nurturing meaningful relationships within our community.



Our dedication to sustainable development is evident in our participation in numerous volunteering projects, such as blood donation drives, which not only contribute to the well-being of individuals in need but also align with our commitment to Sustainable Development Goal 11 - Sustainable Cities and Communities. Additionally, our employees are actively encouraged to volunteer their time and expertise to support various community initiatives, including the organization and participation in events like COP28, where they contribute to global conversations on climate action and environmental sustainability.



Furthermore, our engagement with the local community is guided by the principles of transparency and accountability outlined in the Global Reporting Initiative (GRI) 413 - Local Communities standard. This ensures that our CSR efforts are not only impactful but also aligned with the overarching goals of the UAE Vision 2021, which emphasizes social cohesion and the creation of a sustainable environment.



In 2023, Hily Holding remained steadfast in its commitment to supporting and enhancing our local communities through a wide range of initiatives. From blood donation campaigns to employee-led volunteering projects and participation in global events like COP28, we continue to demonstrate our unwavering dedication to sustainability and CSR, making a positive difference in the lives of those around us.



OUR STAKEHOLDERS' THOUGHTS

Employees



At Hily Holding Company, we understand the importance of Environmental, Social, and Governance (ESG) sustainability in today's business world. We strive to integrate sustainable practices into all aspects of our operations, from logistics and finance to real estate management and human resources. By doing so, we aim to not only benefit the environment and society but also increase the long-term success and value of our company.

Fadi Sarris

Director of Human Capital and Development

Human Capital and Development Department

Objective

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

Projects

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

OUR STAKEHOLDERS' THOUGHTS



Mohamed Abbas
Group Financial Controller

Procurement & Planning

OBJECTIVE

To increase the percentage of sustainable products and services procured by the company to 50% within the next year

PROJECTS

Conducting a thorough supplier evaluation and selection process to prioritize those with sustainable practices

Developing a sustainable procurement policy

Partnering with suppliers to reduce waste and improve efficiency.

Facilities Management, Maintenance, and Real Estate Management

OBJECTIVE

To reduce energy and water consumption in all of our properties by 20% within the next year

PROJECTS

Implementing energy-efficient lighting and HVAC systems in all of our buildings.

Installing water-saving fixtures and irrigation systems.

Conducting regular building audits to identify any potential inefficiencies.

Finance

OBJECTIVE

To decrease the company's carbon footprint by 30% within the next year

PROJECTS

Investing in renewable energy and carbon offsetting projects,

Conducting a carbon footprint assessment and implementing a reduction plan,

Developing a sustainable finance policy to guide future investments.

OUR STAKEHOLDERS' THOUGHTS

Employees

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.

**0 (ZERO) in 2023 Total incident of
Customer's data being compromised.**

Information Technology Department

OBJECTIVE

To decrease the company's digital carbon footprint by 20% within the next year

PROJECTS

Implementing energy-efficient servers and data centers

Developing a telecommuting policy to reduce travel emissions

Conducting regular assessments of our digital infrastructure to identify and address any inefficiencies



Huiam Abdalla
Group IT Manager

INFORMATION TECHNOLOGY RISK MANAGEMENT SYSTEM

12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



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.

OUR STAKEHOLDERS' THOUGHTS



Operations

OBJECTIVE

To reduce waste and increase recycling in all of our operations by 50% within the next year.

PROJECTS

Implementing a waste segregation and recycling program,

Conducting regular audits to identify and address any waste and recycling issues,

Partnering with local organizations to promote sustainable practices in our operations.



Logistics

OBJECTIVE

To reduce carbon emissions from logistics operations by 30% within the next year.

PROJECTS

Optimizing transportation routes and consolidating shipments to reduce emissions,

Investing in alternative fuel vehicles and low-emission equipment

Developing a sustainable logistics policy to guide future decisions.



Quality

OBJECTIVE

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

PROJECTS

Conducting a thorough product evaluation and selection process to prioritize those with sustainable features

Developing a sustainable product policy

Partnering with suppliers to improve the sustainability of our products and services.



Health Safety of the Employees

OBJECTIVE

To improve the overall health and safety of our employees and the community by 20% within the next year.

PROJECTS

Conducting regular health and safety audits

Developing and implementing a health and safety policy

Partnering with local organizations to promote healthy and safe practices in our operations.

OUR STAKEHOLDERS' THOUGHTS



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

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



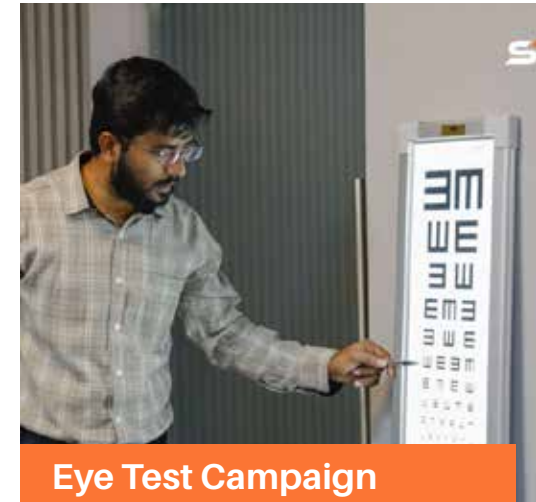
Blood Donation Event



Ramadan 2023 Sohour



Wellness Day Event



Eye Test Campaign



UAE National Day



Best Employee of the Month Celebrations



Birthdays Celebrations



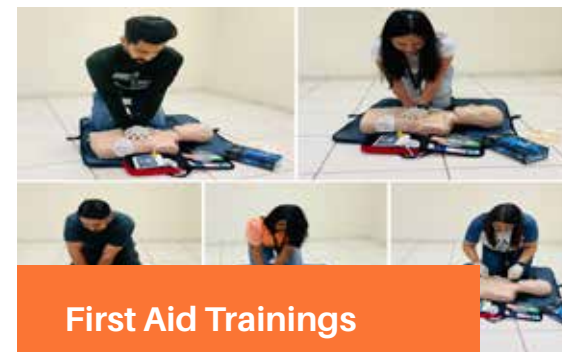
UAE National Day



Our Guinness Record 2023 Celebration



UAE National Day



First Aid Trainings

13

Training & Development

Training & Development



Essential Food Safety Trainings: 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.



Corporate Tax Training: This program equips participants with comprehensive knowledge and skills in corporate tax regulations and practices. Covering various aspects such as tax planning, compliance, and reporting, the training enables professionals to navigate the complexities of corporate taxation effectively.



Power BI Training: Designed to empower individuals with proficiency in Power BI, this training offers hands-on experience in utilizing the powerful data visualization tool for business intelligence purposes. Participants learn to create interactive reports and dashboards, analyze data trends, and derive valuable insights to drive informed decision-making.



Risk Management Training: This training program focuses on enhancing participants' understanding of risk management principles and strategies across different industries. Through practical exercises and case studies, attendees learn to identify, assess, and mitigate risks effectively, ensuring resilience and sustainable growth for their organizations.



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.



Emergency Preparedness & Response Trainings: These trainings focus on equipping individuals and organizations with the knowledge and skills needed to effectively prepare for and respond to emergencies and crises. Participants learn about risk assessment, emergency planning, communication strategies, and response protocols to ensure readiness and resilience in the face of various hazards and disasters. Through practical exercises and simulations, attendees gain hands-on experience in managing emergencies and coordinating response efforts to protect lives, property, and assets.



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

AED +75,000 Total Investment on Training

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

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



Anti-Money Laundering Training



Power BI Training



Risk Management Training



Corporate Tax Training



Essential Food Safety Trainings



Emergency Preparedness & Response Trainings



In-House Training Sales & Marketing



In-House Training Distributor Management Session



IN- House Training Introducing New SKUs.



PRESERVING & PROTECTING
THE ENVIRONMENT

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 for 2023. 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.

PRESERVING & PROTECTING THE ENVIRONMENT

Disaster Management & Emergency Response

At Hilly and its subsidiaries, we recognize the critical importance of disaster management and emergency response in safeguarding the well-being of our employees, customers, and assets. To this end, we have established a comprehensive Disaster and Emergency Plan in alignment with the directives of the UAE government and recommendations from our Quality and HSE team.

Our emergency response team is rigorously trained and equipped to effectively manage various emergency scenarios, ranging from natural disasters to fires and medical crises. Regular mock drills and equipment tests are conducted to ensure the readiness and efficiency of our emergency response system.

The outcomes of these drills and tests undergo thorough evaluation, leading to necessary updates and enhancements to our Disaster and Emergency Plan. Our commitment to ongoing training and evaluation guarantees that our emergency response team remains prepared and capable of swiftly addressing any emergency situation.

Furthermore, we prioritize the continuous enhancement of our Disaster and Emergency Plan to incorporate the latest best practices and guidelines. This proactive approach ensures that we are always primed to respond to emergencies and uphold the safety of our personnel,

Meet Our Team Leading Environmental Management & Excellence



Mr. Ahmed Ayad
GENERAL MANAGER



Eng. Mahmoud Ghoneim
FACILITIES MANAGER



OUR SUSTAINABILITY
FRAMEWORK

OUR SUSTAINABILITY FRAMEWORK

<p>Maintaining Ethical, Responsible, and Profitable Business</p> <p>We are committed to maintaining the highest ethical and responsible business practices, while delivering sustainable profitability.</p> <p>We uphold ethical principles in all our dealings with stakeholders, foster a culture of transparency and accountability, and ensure responsible governance.</p> <p>We are aligning with SDGs 16, 12, 8, and the GRI Standards on Ethical Behavior and Anti-Corruption</p>	<p>Fostering Diverse, Healthy, and Safe Communities</p> <p>We believe in fostering diverse, healthy, and safe communities that are resilient, inclusive, and socially responsible.</p> <p>We promote diversity and inclusion within our workforce, provide a safe and healthy work environment, and engage with local communities to address their concerns.</p> <p>We are aligning with SDGs 10, 8, 5, 4, 3, and 11, and the GRI Standards on Diversity and Equal Opportunity, Occupational Health and Safety, and Community Engagement.</p>	<p>Innovation and Reengineering Product Quality and Sustainability</p> <p>We are committed to innovation and reengineering our product quality and sustainability to meet evolving customer demands and emerging industry trends..</p> <p>We invest in sustainable technologies, reduce our environmental footprint, and improve our product quality and safety standards.</p> <p>We will align with SDGs 13, 12, 9, 7, and the GRI Standards on Energy, Innovation, and Product and Service Labeling.</p>	<p>Preserving and Protecting the Environment</p> <p>We recognize the importance of preserving and protecting the environment for future generations.</p> <p>We adopt sustainable practices, reduce our carbon footprint, minimize waste and pollution, and engage in conservation efforts</p> <p>We will align with SDGs 14, 13, 12, 7, 6, and 15, and the GRI Standards on Water and Effluents, Climate Change, and Biodiversity.</p>

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

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

Abu Dhabi National Foodstuff

Abu Dhabi National Foodstuff

SEGMENT

FMCG

FOOTPRINT

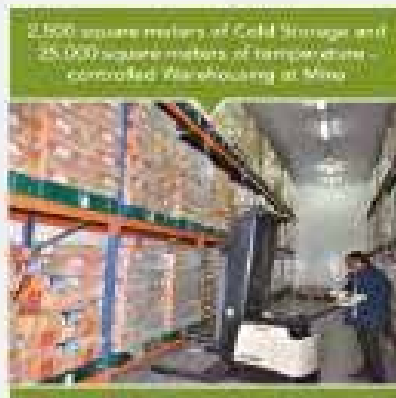
UAE & GCC

2023 REVENUE

+20.00 M

RELATIONAL

Category - FMCG



SPL / FOODCO owns a fleet of Trucks to serve the current business
1 ton | 3-4 tons | 10-15 tons | 40 tons



TRANSPORTATION

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

The Good Taste of Life

OUR BRANDS

Hily Holding P.J.S.C, previously recognized as Foodco Holding P.J.S.C, originated in 2006 as a natural progression stemming from the growth and diversification of Abu Dhabi National Foodstuff Company (Foodco LLC). encompasses five subsidiary firms: Foodco LLC, Sense Gourmet, Dana Plaza, 5PL Logistics Solutions, and Oasis. These subsidiaries operate independently under the umbrella of the holding company. Hily Holding, as the cornerstone of the group, functions as a publicly traded entity and serves as the bedrock of the company's success. Leveraging its strategic location, robust financial support, sturdy infrastructure, and forward-thinking approach, the company has flourished, laying the groundwork for continued expansion and advancement.



5.5 Million KG
Of purest and finest
rice sold annually

#1 Voted
Consumer choice
of the year 2022

#1 Quality
Grain of rice

#1 Winner
Product since 2022

5 Brands
Expanding
portfolio

60+ Suppliers
international
Footprint

300+ Employees
Across UAE

A large, light orange, stylized number '17' is positioned in the background on the left side of the page. The '1' is a simple vertical bar with a rounded top. The '7' has a horizontal top bar and a diagonal stem that tapers towards the bottom.

5PL LOGISTICS SOLUTIONS

5PL LOGISTICS SOLUTIONS 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

Logistics Services

FOOTPRINT

UAE & GCC

2023 REVENUE

16.41 M

RELATIONAL

Category - (Logistics & Warehousing)

180

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	2023 REVENUE	RELATIONAL
Real Estate management	UAE	35.25 M	Category - (Real Estate Management)



**OCCUPATIONAL HEALTH
& SAFETY**

OCCUPATIONAL HEALTH & SAFETY

403-1 Occupational Health and Safety Management System

At Hily Holding P.J.S.C, we prioritize the safety and well-being of our employees. We have established a comprehensive Occupational Health and Safety Management System (OHSMS) to ensure that our workplace meets the highest standards of safety. This system encompasses policies, procedures, and practices aimed at identifying, assessing, and managing occupational health and safety risks across all our operations and sectors.

403-2 Hazard Identification, Risk Assessment, and Incident Investigation

We conduct regular hazard identification and risk assessments to proactively identify potential hazards and assess associated risks in our workplace. In the event of an incident, we conduct thorough investigations to determine root causes and implement corrective actions to prevent recurrence.

403-3 Occupational Health Services

Hily Holding P.J.S.C provides access to comprehensive occupational health services for all employees, in compliance with UAE corporate rules regarding compulsory healthcare. These services include medical consultations, health screenings, vaccinations, and other preventive measures to promote employee well-being and address any health concerns related to their work environment. Additionally, we offer extra healthcare services to our employees to ensure their overall wellness.

403-4 Worker Participation, Consultation, and Communication on Occupational Health and Safety

We actively encourage worker participation in occupational health and safety matters through regular consultation and communication channels. Employees are encouraged to report any safety concerns or suggestions for improvement, and their feedback is taken into account in decision-making processes related to occupational health and safety.

403-5 Worker Training on Occupational Health and Safety

All employees at Hily Holding P.J.S.C receive comprehensive training on occupational health and safety practices relevant to their roles. This training covers topics such as hazard recognition, emergency procedures, proper use of personal protective equipment (PPE), and other essential safety protocols to ensure that employees are equipped with the knowledge and skills to work safely.

403-6 Promotion of Worker Health

In addition to addressing workplace hazards, we promote employee health and well-being through various initiatives. These include wellness programs, access to mental health resources, and initiatives to encourage physical activity and healthy lifestyle choices among employees.

403-7 Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked by Business Relationships

We recognize our responsibility to ensure the safety of all individuals directly involved in our business relationships, including contractors, suppliers, and other stakeholders. We work closely with these partners to identify and mitigate occupational health and safety risks associated with our operations and supply chain activities.

OCCUPATIONAL HEALTH & SAFETY

403-8 Workers Covered by an Occupational Health and Safety Management System

All employees, including full-time, part-time, and temporary workers, are covered by our Occupational Health and Safety Management System. This ensures that consistent standards of safety are applied across all levels of our organization and that every worker is protected from occupational health and safety hazards.

403-9 Work-Related Injuries

In the unfortunate event of a work-related injury, Hily Holding P.J.S.C provides prompt medical attention and support to affected employees. We also conduct investigations to understand the cause of the injury and take steps to prevent similar incidents in the future.

403-10 Work-Related Ill Health

Similarly, if an employee experiences work-related ill health, we ensure that they receive appropriate medical care and support. We also conduct assessments to identify any underlying workplace factors contributing to the illness and take measures to address them to prevent further cases.

In summary, Hily Holding P.J.S.C is committed to maintaining a safe and healthy workplace for all employees. Through our robust Occupational Health and Safety Management System, compliance with UAE corporate rules regarding compulsory healthcare, and comprehensive range of policies and practices, we strive to prevent workplace injuries and illnesses and promote the overall well-being of our workforce.



20

Health & Safety at
Hily Holding

Health & Safety at Hily Holding

HSE Practices

At Hily Holding, we prioritize the health and safety of our employees and customers. In 2023, 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 2023. 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	2023
Number of lost days from LTIs	0	0	0	0
Number of fatalities	0	0	0	0
Number of near misses	0	0	0	0
Number of Unsafe Act	6	6	6	4
Number of Vehicle accidents	5	6	0	0
Number of Vehicle Violations	67	66	35	36

2

1

BIO DIVERSITY

BIO DIVERSITY

Hily Holding P.J.S.C's Commitment to Biodiversity Conservation

At Hily Holding P.J.S.C, we recognize the critical importance of biodiversity conservation in preserving the delicate balance of our planet's ecosystems. As a responsible corporate citizen, we are dedicated to minimizing our environmental footprint and mitigating our impact on biodiversity through proactive measures across all our business operations.

One exemplary initiative within our corporate family is Dana Plaza Real Estate, a subsidiary of Hily Holding P.J.S.C. Dana Plaza Real Estate places a strong emphasis on sustainability and environmental stewardship in its operations. In line with our commitment to reducing emissions and pollution, Dana Plaza Real Estate implements stringent procedures to minimize waste and maximize resource efficiency.

One of the key strategies employed by Dana Plaza Real Estate is the implementation of comprehensive recycling programs. The company ensures that all recyclable materials, including paper, plastic, and glass, are sorted and processed efficiently to divert waste from landfills and reduce environmental pollution. Additionally, Dana Plaza Real Estate actively seeks opportunities to repurpose scrap materials generated from building maintenance and development projects, further minimizing waste generation and environmental impact.

304-1 Operational Sites and Biodiversity Conservation

Hily Holding P.J.S.C and its subsidiaries are dedicated to preserving biodiversity, both within and outside operational sites. We conduct thorough assessments to identify operational sites that are located in or adjacent to protected areas or areas of high biodiversity value. Through proactive management practices, we strive to minimize any potential adverse impacts on these sensitive ecosystems, including habitat destruction, fragmentation, and species displacement.

304-2 Significant Impacts on Biodiversity

As part of our commitment to transparency and accountability, Hily Holding P.J.S.C monitors and evaluates the significant impacts of our activities, products, and services on biodiversity. Through rigorous impact assessments, we identify potential risks and develop mitigation strategies to minimize negative effects on biodiversity. These efforts include implementing measures to reduce greenhouse gas emissions, conserving water resources, and promoting sustainable land use practices across our operations.

In summary, Hily Holding P.J.S.C is unwavering in its dedication to biodiversity conservation and environmental sustainability. Through proactive measures, responsible management practices, and collaborative efforts with stakeholders, we strive to protect and preserve biodiversity for present and future generations



GENDER EQUALITY

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 2023, we increased the number of newly hired female employees by 5%, 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%
2023	8%	7%

VOLUNTARY TURNOVER RATE BY GENDER

Year	Male	Female
2020	3%	5%
2021	4%	3%
2022	11%	2%
2023	-	-

FULL TIME EMPLOYEES BY GENDER

Year	Male	Female
2020	93%	7%
2021	94%	6%
2022	87%	13%
2023	80%	20%

TOTAL NEW HIRED EMPLOYEES BY GENDER

Year	Male	Female
2020	96%	4%
2021	98%	2%
2022	80%	20%
2023	75%	25%

CHILD LABOUR

CHILD LABOUR

408-1 Operations and Suppliers at Significant Risk for Incidents of Child Labor:

At Hily Holding P.J.S.C, we adhere strictly to the labor laws of the United Arab Emirates (UAE) and maintain a zero-tolerance policy towards any form of child labor. We are committed to upholding ethical labor practices and ensuring that all our operations and suppliers comply with applicable laws and regulations.

Our rigorous supplier vetting process includes thorough assessments to identify any potential risks of child labor within our supply chain. We engage with suppliers to communicate our expectations regarding labor standards and conduct regular monitoring to ensure compliance.

We are proud to affirm that Hily Holding P.J.S.C has never been involved in any incidents of child labor. We maintain transparent and ethical employment practices, and the youngest employee ever to work within our company was 19 years old at the time of employment.

Furthermore, we actively support initiatives aimed at combating child labor globally and collaborate with relevant authorities and organizations to address this critical issue. Our commitment to ethical labor practices extends beyond legal compliance to uphold the rights and dignity of all individuals, including children, in our workforce and supply chain.



24

AGE DIVERSITY

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 40% of our employees are under the age of 30, and we have further increased our commitment to age diversity by hiring

75% of our new employees under the age of 30 in 2023.

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%
2023	60%	42%	5%

FULL TIME EMPLOYEES BY AGE GROUP

Year	Under 30	Between 30-50	Above 50
2020	20%	60%	10%
2021	29%	63%	8%
2022	37%	56%	7%
2023	40%	56%	4%

NEWLY EMPLOYEES BY AGE GROUP

Year	Under 30	Between 30-50	Above 50
2020	35%	55%	10%
2021	50%	35%	15%
2022	70%	15%	15%
2023	75%	15%	10%

The background features large, light gray numbers '25' that are partially obscured by a dark blue horizontal bar. The number '2' is on the left, and the number '5' is on the right. The dark blue bar is positioned across the middle of the '5' and contains the text 'FOSTERING INCLUSION'.

FOSTERING INCLUSION

FOSTERING INCLUSION



At Hily Holding, we are committed to fostering a diverse and inclusive workplace, in line with UAE Vision 2021 and SDG10. 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.

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.

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.



EMPLOYEES BY ORIGIN		
YEAR	UAE NATIONALS	EXPATS
2020	2%	98%
2021	3%	97%
2022	5%	95%
2023	5%	95%



23 Different Nationalities working at Hily Holding

401-1 New Employee Hires and Employee Turnover

At Hily Holding P.J.S.C, we are continuously expanding our operations, leading to frequent recruitment drives to meet our growing business needs. Our commitment to growth and innovation has resulted in a steady influx of new hires. As per our Monthly HR reports, our turnover percentage is approximately %9, reflecting a healthy balance between employee retention and organizational evolution.

401-2 Benefits Provided to Full-Time Employees that are Not Provided to Temporary or Part-Time Employees

We value our employees' contributions and recognize the importance of providing comprehensive benefits to support their well-being and professional development. Full-time employees at Hily Holding P.J.S.C enjoy additional benefits compared to temporary or part-time employees. These benefits include annual salary bonuses and yearly salary increments based on performance evaluations and recommendations. We believe in rewarding dedication and commitment to our company's success, and these benefits reflect our appreciation for the hard work and loyalty of our full-time employees.

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20

ECONOMIC PERFORMANCE

ECONOMIC PERFORMANCE

201-1 Direct Economic Value Generated and Distributed

In response to the evolving global economic landscape, Hily Holding P.J.S.C has implemented initiatives to assist our employees in navigating challenging economic conditions. We understand the importance of helping our workforce maintain their standard of living, particularly during times of economic uncertainty. To this end, we offer select food products at reduced prices to our employees, easing the financial burden of everyday expenses. Additionally, we are committed to adjusting salaries in line with any inflationary pressures or economic changes, ensuring that our employees' purchasing power remains intact.

201-2 Financial Implications and Risks Due to Climate Change

As climate change poses significant risks to both the environment and society, including potential financial implications for employees, Hily Holding P.J.S.C remains vigilant in addressing these challenges. In the event of environmental crises or unexpected situations resulting from climate change, we stand ready to support our employees through various means, including financial assistance. For instance, we may offer low-interest loans to employees facing financial hardship due to environmental disasters or climate-related events, helping them overcome temporary setbacks and maintain financial stability.

201-3 Defined Benefit Plan Obligations and Other Retirement Plans

Hily Holding P.J.S.C is fully committed to complying with UAE laws and regulations governing retirement plans for local Emirati employees. We understand the importance of providing our Emirati employees with secure and sustainable retirement options that align with local regulations and best practices. Our retirement plans are designed to provide Emirati employees with financial security and peace of mind as they transition into retirement, offering defined benefit plan obligations and other retirement benefits in accordance with UAE laws.

In summary, Hily Holding P.J.S.C is dedicated to enhancing the financial well-being and retirement prospects of our Emirati employees. Through proactive measures, compliance with local regulations, and support during challenging economic and environmental conditions, we strive to create a supportive and inclusive workplace where employees can thrive throughout their careers and beyond.



Innovation and Reengineering

Product Quality & Sustainability

Innovation and Reengineering

Product Quality & Sustainability

Material Topics

Product Quality & Safety

Healthy Products

Responsible Supply Chain Management

Innovation

UAE Vision 2021

Pillar: Sustainable Environment & Infrastructure Competitive Knowledge Economy

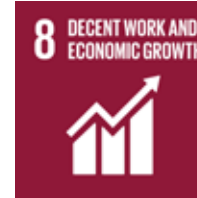
In our 2023 report, Hily Holding reaffirms its unwavering commitment to continuously enhancing our products and services to cater to the ever-evolving needs and preferences of our valued customers, all while prioritizing environmental stewardship and sustainability. In adherence to this pledge, we've dedicated resources to innovation and reengineering endeavors aimed at elevating the quality, safety, and sustainability of our offerings across our diverse business lines, spanning Warehousing, FMCG, and Logistics. Through the strategic application of advanced technologies and data analytics, our objective remains to minimize waste, optimize resource utilization, and augment the overall value proposition of our products for both our discerning customers and stakeholders. Within this report, we are pleased to showcase some of our notable initiatives and accomplishments throughout the year 2023, aligning closely with the visionary UAE 2021 Vision and the Sustainable Development Goals outlined by the United Nations



2020

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS



Hily Holding prioritizes sustainability in its diverse product range, which includes energy drinks, collagen waters, vine leaves, healthy snacks, and ready-to-eat meals. Our sustainability efforts are aligned with critical United Nations Sustainable Development Goals (SDGs) such as SDG 2 (Zero Hunger), 3 (Good Health and Well-being), 7 (Affordable and Clean Energy), 12 (Responsible Consumption and Production), and 13 (Climate Action). Additionally, we adhere to Global Reporting Initiative (GRI) Standards, including GRI 102 (General Disclosures), 201 (Economic Performance), 301 (Environmental Performance), 303 (Water and Effluents), and 305 (Emissions). These practices resonate with the UAE National Vision 2030, focusing on Sustainable Environment and Infrastructure, and Cohesive Society and Preserved Identity. Our commitment to sustainability has led to an impressive 18% increase in quality and healthy products in 2022, reflecting our dedication to minimizing environmental impact while delivering exceptional value to our customers.

**A great year with 18.45%
revenue growth**

76.915

Net profit
(AED million)

146.251

Net Revenue
(AED million)

945.510

Total Assets
(AED million)

592.726

Shareholders Equity
(AED million)



PRODUCT AND SERVICE
INFORMATION AND LABELING

PRODUCT AND SERVICE INFORMATION AND LABELING

At Hily Holding P.J.S.C, we prioritize transparency and customer satisfaction by adhering to rigorous standards for product and service information and labeling. Our commitment to sustainability extends to how we communicate with consumers, ensuring that they have access to accurate and comprehensive information about our products and services. In line with this commitment, we follow the guidelines established by the Gulf Standardization Organization (GSO) and UAE Standards for labeling. In cases where specific information is not covered by these standards, we reference guidelines provided by the Food and Drug Administration (FDA) to maintain consistency and transparency in our labeling practices.

417-1 Requirements for Product and Service Information and Labeling

We uphold the highest standards for product and service information and labeling, in accordance with GSO/UAE Standards and FDA guidelines. Our labeling practices include providing clear and accurate information about product ingredients, nutritional content, allergens, usage instructions, and any other relevant details to empower consumers to make informed choices. By adhering to these requirements, we aim to build trust with our customers and promote transparency in our business practices.

417-2 Incidents of Non-Compliance Concerning Product and Service Information and Labeling

In the rare event of non-compliance concerning product and service information and labeling, we take swift and decisive action to address the issue and prevent recurrence. Our robust quality assurance processes include regular audits and inspections to ensure compliance with regulatory requirements and internal standards. Any incidents of non-compliance are thoroughly investigated, and corrective actions are implemented to rectify the situation and mitigate any potential harm to consumers.

417-3 Incidents of Non-Compliance Concerning Marketing Communications

We are committed to ethical marketing practices and compliance with regulatory guidelines governing marketing communications. Our marketing communications are designed to be truthful, transparent, and in alignment with the values of our brand. In the unlikely event of any incidents of non-compliance concerning marketing communications, we take immediate corrective action to address the issue and prevent reoccurrence. Our goal is to maintain the trust and confidence of our customers by ensuring that our marketing messages are accurate, respectful, and compliant with relevant regulations.

In summary, at Hily Holding P.J.S.C, we are dedicated to upholding the highest standards for product and service information, labeling, and marketing communications. By following GSO/UAE Standards and FDA guidelines, we demonstrate our commitment to transparency, accountability, and customer satisfaction in all aspects.



OPTIMIZING VALUES INTO
ALL OPERATIONS

OPTIMIZING VALUES INTO ALL OPERATIONS

Since 2022, our company has undertaken initiatives to enhance value across our value chain. In supply chain management, we've prioritized environmentally conscious practices by sourcing from local and sustainable suppliers, aligning with United Nations Sustainable Development Goals (SDGs) such as SDG 12 (Responsible Consumption and Production) and SDG 13 (Climate Action), as well as Global Reporting Initiative (GRI) Standards like GRI 204 and 308.

Similarly, in warehousing and logistics management, we've leveraged technology to boost efficiency and minimize waste, in line with SDG 9 (Industry, Innovation and Infrastructure) and GRI Standards such as GRI 301 and 302. These efforts have enabled us to reduce our carbon footprint and environmental impact.

Moreover, we've maintained a steadfast commitment to health and safety, aligning with SDG 3 (Good Health and Well-being) and GRI Standards including GRI 403 and 404. Through comprehensive training programs and resource allocation, we've ensured a safe and healthy work environment for our employees, customers, and stakeholders.

Overall, our 2022 initiatives underscore our dedication to optimizing value, fostering sustainability, and aligning with the UAE National Vision 2021 pillars of Sustainable Environment and Infrastructure, and Cohesive Society and Preserved Identity.



Plan

Sales & Business Development

- Market Demand
- Products
- Distribution



Source

Procurement

- Sourcing
- Buying
- Supplier's evaluation



Storage

Operations

- Warehousing
- Operations Excellence
- Assets Maintenance



Deliver

Logistics

- Fleet
- Distribution

31

AUDIT

AUDIT

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

THE EXTERNAL AUDITOR KPMG

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.

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.

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

32

HUMAN RIGHTS

HUMAN RIGHTS

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) 5, 3, 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.



CLEAR INFO FOR
MARKETING

CLEAR INFO FOR MARKETING

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.



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.



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.



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.





**RISK MANAGEMENT &
INTERNAL CONTROLS**

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.

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.

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.



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

3

5

CUSTOMER SATISFACTION

CUSTOMER SATISFACTION

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.



AVOIDING FALSE OR MISLEADING CLAIMS

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 FALSE OR MISLEADING CLAIMS

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.



HILY HOLDING'S

DESCRIPTION OF PRINCIPLES

HILY HOLDING'S

DESCRIPTION OF PRINCIPLES

GRI 300 Environmental Standard Series	Description
Materials	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.
Energy	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.
Water	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.
Biodiversity	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.
Emissions	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.
Effluents and Waste	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.
Products and Services	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.
Compliance	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.
Transport	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.
Overall	This topic covers the overall environmental management and performance of the organization, including environmental policies, governance, and stakeholder engagement. It includes setting environmental targets, reporting on environmental performance, and engaging with stakeholders on environmental issues.

HILY HOLDING'S

DESCRIPTION OF PRINCIPLES

Material Topic	Relevant Sections
Corporate Governance	Governance section
Anti-corruption	Ethics and Integrity section
Product Quality and Safety	Product Responsibility section
Customer Privacy and Data Protection	Customer Privacy and Data Protection section
Supply Chain Management	Supply Chain section
Employee Health and Safety	Occupational Health and Safety section
Diversity and Inclusion	Diversity and Inclusion section
Employee Training and Development	Employee Training and Development section
Employee Compensation and Benefits	Employee Compensation and Benefits section
Community Engagement and Philanthropy	Community Engagement and Philanthropy section
Climate Change and Energy	Climate Change and Energy section
Water Stewardship	Water Stewardship section
Biodiversity and Ecosystems	Biodiversity and Ecosystems section
Waste and Hazardous Materials	Waste and Hazardous Materials section
Air Pollution	Air Pollution section

3

7

GRI CONTENT INDEX

GRI CONTENT INDEX

Statement of use	Hily Holding P.J.S.C has reported in accordance with the GRI Standards for the period 01/01/2023 to 31/12/2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Group 1: Basic materials and needs & Group 2: Industrial & Group 3: Transport, infrastructure and tourism

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.	ADX DISCLOSURE
			REQUIREMENT	REASON	EXPLANATION		
GENERAL DISCLOSURES							
GRI 2: General Disclosures 2021	2-1 Organizational details	pg 03 - 07				GRI 102-11	G1: Board Diversity
	2-2 Entities included in the organization’s sustainability reporting	pg. 4 to pg. 9/ pg. 60 to pg. 67				GRI 102-11 to GRI 102-16	G2: Board Independence
	2-3 Reporting period, frequency and contact point	pg. 3				GRI 102-18 / GRI 102-40	
	2-4 Restatements of information	pg. 4 / pg. 14 / pg. 15					

GRI 2: General Disclosures 2021	2-5 External assurance	pg. 23 pg. 24 and pg. 95				GRI 2	G9: External Assurance
	2-6 Activities, value chain and other business relationships	pg. 19 / pg. 27 / pg. 40 to pg. 54				GRI 102-40	
	2-7 Employees	pg. 44 to pg. 52				400-1 / GRI 102-44	
	2-8 Workers who are not employees	pg. 44					S5: Temporary Worker
	2-9 Governance structure and composition	pg. 9 and pg.10				GRI 102-14	G1: Board Diversity
	2-10 Nomination and selection of the highest governance body	pg. 09				GRI 102-15	
	2-11 Chair of the highest governance body	pg. 6 to pg.10				GRI 102-12	G2: Board Independence
	2-12 Role of the highest governance body in overseeing the management of impacts	pg. 14 pg.15				GRI 102-12	G2: Board Independence G8: Disclosure Practices
	2-13 Delegation of responsibility for managing impacts	pg. 15				GRI 102-14	
	2-14 Role of the highest governance body in sustainability reporting	pg. 17				GRI 103-3	G7: Sustainability Rporting E8, E9: Environmental Oversight
	2-15 Conflicts of interest	in the report				GRI 102-25	
	2-16 Communication of critical concerns	in the report				GRI 102-33	
	2-17 Collective knowledge of the highest governance body	pg. 3 to pg. 10				GRI 102-14 / GRI 102-15 / GRI 102-27	
	2-18 Evaluation of the performance of the highest governance body	In the report					
	2-19 Remuneration policies	pg. 29				GRI 102-40	G3: Incentivized Pay
	2-20 Process to determine remuneration	pg. 101				GRI 102-40 / GRI 201	
	2-21 Annual total compensation ratio	in the report				GRI 102-44 / GRI 102-38	S1: CEO Pay Ratio

GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	pg. 26 and pg. 27				GRI 102-17	E8, E9: Environmental Oversight
	2-23 Policy commitments	pg. 29, pg. 95, pg. 101				GRI 2	
	2-24 Embedding policy commitments	pg. 95				GRI 2	
	2-27 Compliance with laws and regulations	pg. 95, pg. 101 in the report				GRI 2	G8: Disclosure Practices
	2-29 Approach to stakeholder engagement	pg. 40 to pg. 50				GRI 102-16	

MATERIAL TOPICS

GRI 3: Material Topics 2021	3-1 Process to determine material topics	pg. 20				GRI 102-43	
	3-2 List of material topics	pg. 22				GRI 103-1	

ECONOMIC PERFORMANCE

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	pg. 93 pg. 29 to pg. 32				GRI 201-1	
	201-2 Financial implications and other risks and opportunities due to climate change	pg. 89, pg. 29 to pg. 32				GRI 201-2	
	201-3 Defined benefit plan obligations and other retirement plans	pg. 85 pg. 29 to pg. 32				GRI 201-3	

MARKET PRESENCE

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	pg. 76				GRI 202-1	
	202-2 Proportion of senior management hired from the local community	pg.80				GRI 202-2	

INDIRECT ECONOMIC IMPACTS							
GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	pg.67, pg.87				GRI 203-1	
	203-2 Significant indirect economic impacts	pg. 85				GRI 203-2	
PROCUREMENT PRACTICES							
GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	pg. 33, pg. 42				GRI 204-1	G4: Supplier Code of Conduct
ANTI-CORRUPTION							
GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	pg. 95 to pg. 101				GRI 205	
	205-2 Communication and training about anti-corruption policies and procedures	pg.52 and pg. 54				GRI 205	G5: Ethics & Prevention of Corruption
	201-3 Defined benefit plan obligations and other retirement plans	pg. 85				GRI 205	G5: Ethics & Prevention of Corruption
ANTI-COMPETITIVE BEHAVIOR							
GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	pg. 29, pg. 101 , pg.95				GRI 206	

TAX

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 207: Tax 2019	207-1 Approach to tax	pg. 47				GRI 207-1	
	207-2 Tax governance, control, and risk management	pg. 47				GRI 207-2	
	207-3 Stakeholder engagement and management of concerns related to tax	pg. 42 to pg. 43				GRI 207-3	
	207-4 Country-by-country reporting	pg. 42				GRI 207-4	

MATERIALS

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	pg. 36, pg. 37				GRI 301-1	E7: Environmental Operations
	301-2 Recycled input materials used	pg. 36, pg. 37				GRI 301-2	
	301-3 Reclaimed products and their packaging materials	pg. 36, pg. 37				GRI 301-3	E7: Environmental Operations

ENERGY

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	pg. 35				GRI 302-1	
	302-2 Energy consumption outside of the organization	pg. 35				GRI 302-2	E3: Energy Usage
	302-3 Energy intensity	pg. 35				GRI 302-3	E5: Energy Mix
	302-4 Reduction of energy consumption	pg. 35				GRI 302-4	E4: Energy Intensity
	302-5 Reductions in energy requirements of products and services	pg. 32 and pg. 39				GRI 302-5	E3: Energy Usage

WATER AND EFFLUENTS

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	pg. 37				GRI 303-1	E6: Water Usage
	303-2 Management of water discharge-related impacts	pg. 37				GRI 303-2	
	303-3 Water withdrawal	pg. 37				GRI 303-3	
	303-4 Water discharge	pg. 37				GRI 303-4	
	303-5 Water consumption	pg. 37				GRI 303-5	

BIODIVERSITY

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	pg. 74				GRI 304-1 2016	E7: Environmental Operations E8: Environmental Oversight E9: Environmental Oversight
	304-2 Significant impacts of activities, products and services on biodiversity	pg. 74				GRI 304-2 2016	

EMISSIONS

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	pg. 35, pg. 38				GRI 305-1	E1: GHG Emissions E2: Emissions Intensity
	305-2 Energy indirect (Scope 2) GHG emissions	pg. 35, pg. 38				GRI 305-2	E7: Environmental Operations
	305-3 Other indirect (Scope 3) GHG emissions	pg. 35, pg. 38				GRI 305-3	
	305-4 GHG emissions intensity	pg. 35, pg. 38				GRI 305-4	E8: Environmental Oversight

GRI 305: Emissions 2016	305-5 Reduction of GHG emissions	pg. 35, pg. 38				GRI 305-5	
	305-6 Emissions of ozone-depleting substances (ODS)	pg. 35, pg. 38				GRI 305-6	E8: Environmental Oversight
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	pg. 35, pg. 38				GRI 305-7	

WASTE

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	pg. 35 to pg.37				GRI 306-1	
	306-2 Management of significant waste-related impacts	pg. 35 to pg.37				GRI 306-2	
	306-3 Waste generated	pg. 35 to pg.37				GRI 306-3	
	306-4 Waste diverted from disposal	pg. 35 to pg.37				GRI 306-4	
	306-5 Waste directed to disposal	pg. 35 to pg.37				GRI 306-5	

SUPPLIER ENVIRONMENTAL ASSESSMENT

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	pg. 42				GRI 308-1	G4: Supplier Code of Conduct
	308-2 Negative environmental impacts in the supply chain and actions taken	pg. 42, pg. 43, pg. 56, pg. 57				GRI 308-2	

EMPLOYMENT

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	pg. 82, pg. 83				GRI 401-1	S3: Employee Turnover
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	pg. 3vvv				GRI 401-2	S11: Emiratisation S12: Community Investment

GRI 401: Employment 2016	401-3 Parental leave	pg. 76				GRI 401-3	
LABOR/MANAGEMENT RELATIONS							
GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	in the report				GRI 402-1	
OCCUPATIONAL HEALTH AND SAFETY							
GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	pg. 27, pg. 38, pg. 68 to pg. 72				GRI 403-1	
	403-2 Hazard identification, risk assessment, and incident investigation	pg. 39				GRI 403-2	S8: Global Health & Safety
	403-3 Occupational health services	pg. 38 pg. 68 to pg. 72				GRI 403-3	
	403-4 Worker participation, consultation, and communication on occupational health and safety	pg. 68 to pg. 72 pg. 27, pg. 37				GRI 403-4	
	403-5 Worker training on occupational health and safety	pg. 52 to pg. 54				GRI 403-5	
	403-6 Promotion of worker health	pg. 68 to pg. 72				GRI 403-6	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	in the report				GRI 403-7	S8: Global Health & Safety
	403-8 Workers covered by an occupational health and safety management system	pg. 68 to pg. 72				GRI 403-8	
	403-9 Work-related injuries	pg. 39				GRI 403-9	S7: Injury Rate
	403-10 Work-related ill health	pg. 39				GRI 403-10	

TRAINING AND EDUCATION

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	pg. 30, pg. 34 pg. 51 to pg. 54				GRI 404-1	
	404-2 Programs for upgrading employee skills and transition assistance programs	pg. 51 to pg. 45				GRI 404-1	
	404-3 Percentage of employees receiving regular performance and career development reviews	pg. 34 / pg. 51 to pg. 54				GRI 404-1	

DIVERSITY AND EQUAL OPPORTUNITY

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	pg. 75 to pg. 80				400-1 / GRI 405-1	S4: Gender Diversity
	405-2 Ratio of basic salary and remuneration of women to men	pg. 75 to pg. 80				400-1 / GRI 405-2	S6: Non-Discrimination S11: Nationalisation G1: Board Diversity

NON-DISCRIMINATION

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	pg. 75 to pg. 80				GRI 406-1	S6: Non-Discrimination

CHILD LABOR

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	pg. 78				GRI 406-1	S9: Child & Forced Labor

FORCED OR COMPULSORY LABOR

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	pg. 83				GRI 409-1	S9: Child & Forced Labor

SECURITY PRACTICES

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	pg. 97				GRI 410-1	S10: Human Rights

LOCAL COMMUNITIES

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	pg. 43, pg. 93				GRI 413-1	
	413-2 Operations with significant actual and potential negative impacts on local communities	pg. 43, pg. 74				GRI 413-2	

SUPPLIER SOCIAL ASSESSMENT

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	pg. 42				GRI 414-1	G4: Supplier Code of
	414-2 Negative social impacts in the supply chain and actions taken	pg. 42				GRI 414-1	

CUSTOMER HEALTH AND SAFETY

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	pg. 87 to pg. 99 and pg. 103				GRI 416-1	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	pg. 87 to pg. 99 and pg. 103				GRI 416-2	

MARKETING AND LABELING

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	pg. 99				GRI 417-1	
	417-2 Incidents of non-compliance concerning product and service information and labeling	pg. 99				GRI 417-2	
	417-3 Incidents of non-compliance concerning marketing communications	pg. 99				GRI 417-3	

CUSTOMER PRIVACY

GRI 3: Material Topics 2021	3-3 Management of material topics	pg. 20 to pg. 22				GRI 103-1	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	pg. 46, vpg. 103				GRI 418-1	G6: Data Privacy

THANK YOU