دبـــي للــمرطبــات (ش.م.ع)®
DUBAI REFRESHMENT (P.J.S.C)®

P.O. Box 420, Dubai - U.A.E
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Email: info@pepsidrc.ae
Call Center: 800 73774
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CHAIRMAN'S REPORT

Dear Shareholders,

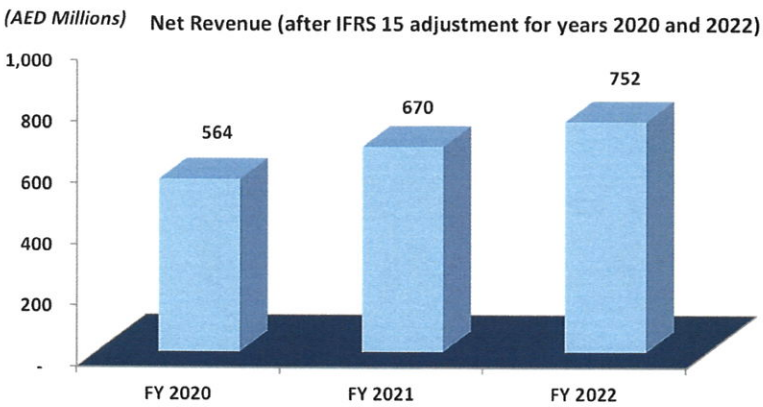
It is once again our pleasure to share with you the business highlights of Dubai Refreshment PJSC (DRC) for the year 2022.

The year 2022 was mostly defined by continued strong recovery from Covid-19 impact of 2020, and the success of Expo 2022 in bringing people to Dubai and jump-starting UAE tourism recovery. DRC business benefited significantly from the strong recovery in tourism, which was reflected in strong volumes in the airlines and hotels channels. These channels continued to perform strongly for the full year aided by Expo 2022 business as well as Qatar 2022 world cup traffic. Other channels also performed well albeit at lower growth rates than airlines and hotels. The strong volumes coupled with selective pricing action helped offset significant cost increases that impacted DRC business in 2022 and helped the company grow profit against very significant challenges at the beginning of 2022.

Our strategy of continuing to protect market share in the core business while continuing to expand globally recognized brands is bearing fruit. Gatorade, Lipton Iced Tea and Teisseire continue to grow at fast pace, while the launch of Aquafina in Aluminum cans during Expo significantly helped the brand and scored an important public relations victory at a time when the UAE government is focusing on sustainability initiatives. Our core CSD business continues to perform well with the launch and expansion of no sugar Pepsi Black and a very successful football advertising campaign featuring several football stars including the Great Lionel Messi.

Revenues

DRC achieved total net revenues of AED 752 million versus AED 670 million in 2021 which represents an increase of 12%. Most of this growth has come due to strong recoveries in travel, restaurant and hotel sectors further supported by strong performance in new products such as Aquafina cans, Gatorade, Lipton and Teisseire.



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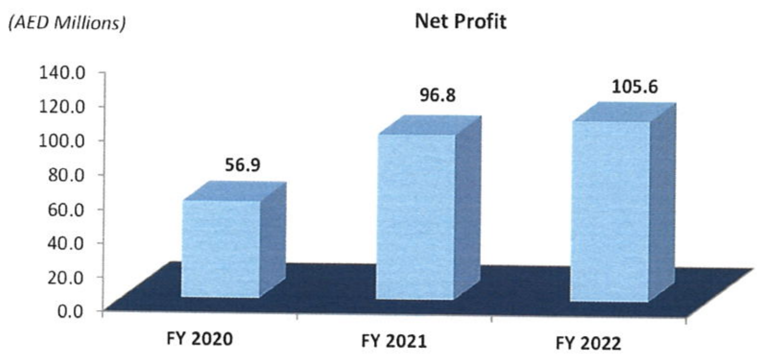
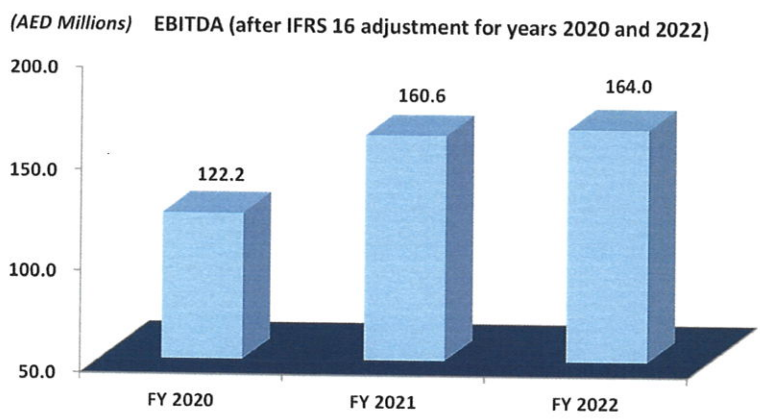
Profitability

Total net profit for 2022 grew 9% to reach AED 105.6 million or 14% of net revenues versus AED 96.8 million or 14.4% of net revenues in 2021. EBITDA margin remained strong at 22% of net revenues in 2022 versus 24% in 2021. Profitability was helped by higher-than-expected revenue growth coupled with continued control over discretionary cost items. As witnessed worldwide, inflation has taken its toll on the cost base in line with global increases in commodities and transportation prices. The Company has already initiated several steps to recover some of these cost increases through effective cost savings, favorable raw material hedging and some necessary increases in consumer and export pricing. We will continue to monitor this situation and we will continue to initiate actions as necessary to deal with this rising risk.





Cash Flow

In 2022, DRC generated AED 215.9 million from operations, and paid AED 63 million in dividends to shareholders. DRC held AED 254.33 million in cash and cash equivalents at the end of 2022 and has no outstanding loans.

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Future Growth

In last year's report I mentioned that we are looking for growth opportunities, and we are constantly engaging with our partners to identify and take advantage of such opportunities. I am happy to say that we are already seeing some of the fruit of these efforts with the launch of several products initiatives as discussed above. The efforts in this area continue unabated and we are hopeful that additional initiatives that will help grow DRC business will be announced soon. We believe we have put in place the infrastructure and the organization foundation upon which we can continue to strongly develop our business and our efforts in this regard will continue to bear fruit over the coming years.

On behalf of the Board of Directors, I would like to express my gratitude and appreciation to the leaders of the UAE, His Highness Sheikh Mohamed Bin Zayed Al Nahyan, President of the UAE and Sheikh Mohammed Bin Rashid Al Maktoum, Vice President, Prime Minister of the UAE and ruler of Dubai and their brothers, members of Federal Supreme Council for providing us with the business environment and the policies that are necessary to build strong and prosperous nation where we can all thrive.

In addition, I would like to thank all the people who continue to provide their support and demonstrate their commitment and dedication towards achieving our objectives. Our employees, shareholders, customers, suppliers, and business partners are all equally important to us in our efforts to seek a better future for all.

Thank you.

On behalf of the Board of Directors,

DUBAI REFRESHMENT (P.J.S.C)® P.O. BOX 420 DUBAI

Mr. Ahmad Bin Eisa Alserkal
Chairman of Board of Director

Dubai Refreshment (P.J.S.C.)

Reports and financial statements
for the year ended 31 December 2022

Contents

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Dubai Refreshment (P.J.S.C.)
Dubai
United Arab Emirates

Opinion

We have audited the financial statements of **Dubai Refreshment (P.J.S.C.)** (the "Company"), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the international Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the 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 financial statements of the current period, these matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Cont'd…

Key audit matters

Key audit matter	How was the matter addressed in our audit
General IT Controls	
We identified IT systems and controls over Dubai's Refreshment Company's financial reporting as an area of focus due to the extensive volume and variety of transactions which are processed daily by the Company and rely on the effective operation of automated and IT dependent manual controls. There is a risk that automated accounting procedures and related internal controls are not accurately designed and operating effectively. In particular, the incorporated relevant controls are essential to limit the potential for fraud and error as a result of a change to an application or underlying data.	Our audit approach relies on automated controls and therefore the following procedures were designed to test access and control over IT systems: We obtained an understanding of the applications relevant to significant business processes, financial reporting and the infrastructure supporting these applications. We tested IT general controls relevant to automated controls and computer-generated information covering access security, program changes, data center and network operations. We examined computer generated information used in financial reports from relevant applications and key controls over their report logics. We performed testing on the key automated controls on significant IT systems relevant to business processes.

Other information

Other information consists of the information included in the Company's 2022 Annual Report other than the financial statements and our auditors' report thereon. We obtained the report of the Chairman's report prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Company's 2022 Annual Report after the date of our auditors' report. Management is responsible for the other information.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors of Dubai Refreshment (P.J.S.C.) (continued)

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Company's Articles of Association and the UAE Federal Decree Law No. (32) of 2021, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole arc free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 1SAs 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 financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors of Dubai Refreshment (P.J.S.C.) (continued)

Auditor's responsibilities for the audit of the 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 to communicate with them all relationships and other matters that may reasonably be thought to bear or our independence, and where applicable, related safeguards.

From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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

As required by the UAE Federal Decree Law No. (32) of 2021, we report that for the year ended 31 December 2022:

- we have obtained all the information we considered necessary for the purposes of our audit;
- the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Company's Articles of Association and the UAE Federal Decree Law No. (32) of 2021;
- the financial information included in the Chairman's report is consistent with the books of account and records of the Company;
- investments in shares and stocks are included in note 8 to the financial statements and include purchases and investments made by the Company during the year ended 31 December 2022;
- note 19 reflects the disclosures relating to related party transactions and the terms under which they were conducted;
- based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2022 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or of its Article of Association which would materially affect its activities or its financial position as at 31 December 2022; and
- note 23 reflects the social contributions recorded during the year.

Deloitte & Touche (M.E.)

Akbar Ahmad
Registration No. 1141
21 February 2023
Dubai
United Arab Emirates

Dubai Refreshment (P.J.S.C.)

Reports and financial statements for the year ended 31 December 2022

Dubai Refreshment (P.J.S.C.)

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Dubai Refreshment (P.J.S.C.)
Dubai
United Arab Emirates

Opinion

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Deloitte.

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To the Board of Directors of Dubai Refreshment (P.J.S.C.) (continued)

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Deloitte.

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors of Dubai Refreshment (P.J.S.C.) (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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- based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2022 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or of its Article of Association which would materially affect its activities or its financial position as at 31 December 2022; and
- note 23 reflects the social contributions recorded during the year.

Deloitte & Touche (M.E.)

Akbar Ahmad
Registration No. 1141
21 February 2023
Dubai
United Arab Emirates

Statement of financial position
as at 31 December 2022

	Notes	2022 AED'000	2021 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	5(a)	**573,138**	586,580
Investment property	5(b)	**14,946**	-
Right-of-use assets	6	**91,299**	97,589
Intangible assets	7	**4,780**	8,214
Investment in financial assets	8	**112,255**	118,696
Total non-current assets		**796,418**	811,079
Current assets			
Inventories	9	**69,467**	76,960
Trade and other receivables	10	**190,020**	200,502
Cash and cash equivalents	11	**254,331**	155,816
Total current assets		**513,818**	433,278
Total Assets		**1,310,236**	1,244,357
EQUITY AND LIABILITIES			
Equity			
Share capital	12	**90,000**	90,000
Statutory reserve	13	**45,000**	45,000
General reserve	14	**618,401**	618,401
Fair value reserve	15	**81,172**	87,613
Cash flow hedge reserve		**252**	(179)
Retained earnings		**140,522**	102,073
Total equity		**975,347**	942,908
Non-current liabilities			
Provision for employees' end of service indemnity	17	**31,381**	28,077
Lease liabilities - non-current portion	21	**87,190**	91,897
Total non-current liabilities		**118,571**	119,974
Current liabilities			
Trade and other payables	20	**202,406**	167,854
Lease liabilities - current portion	21	**13,912**	13,621
Total current liabilities		**216,318**	181,475
Total Liabilities		**334,889**	301,449
Total Equity and Liabilities		**1,310,236**	1,244,357

To the best of our knowledge, the financial information included in these financial statements fairly presents in all material respects the financial condition, results of operation and cash flows of the Company as of, and for, the periods presented therein.

Mr. Ahmad Bin Eisa Alserkal
Chairman

Mr. Abdulla Mohamed Rashed Al Huraiz
Director

The accompanying notes form an integral part of these financial statements.

Statement of profit or loss
for the year ended 31 December 2022

	Notes	2022 AED'000	2021 AED'000
Revenue	22	**752,173**	669,707
Cost of sales		**(491,943)**	(422,155)
Gross profit		**260,230**	247,552
Other operating income		**9,177**	7,548
Selling and distribution expenses		**(107,791)**	(98,311)
General and administrative expenses	23	**(57,528)**	(55,840)
Amortisation of intangible assets	7	**(3,741)**	(3,684)
Operating income		**100,347**	97,265
Finance income		**2,277**	708
Finance costs		**(78)**	(123)
Lease interest costs	21	**(3,695)**	(3,974)
Dividend income	19	**4,047**	3,372
Other income/(expense)		**2,751**	(452)
Profit for the year		**105,649**	96,796
Earnings per share in AED	18	**1.13**	1.03

Statement of comprehensive income
for the year ended 31 December 2022

	2022 **AED'000**	2021 AED'000
Profit for the year	**105,649**	96,796
Other comprehensive income/(loss)		
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:		
Change in fair value of investment securities measured at FVOCI, equity instruments (Note 8)	**(6,441)**	46,799
Change in fair value of cash flow hedges	**431**	(1,556)
Total other comprehensive (loss)/income	**(6,010)**	45,243
Total comprehensive income for the year	**99,639**	142,039

Statement of changes in equity
for the year ended 31 December 2022

	Share capital AED'000	Statutory reserve AED'000	General reserve AED'000	Fair value reserve AED'000	Cash flow hedge reserve AED'000	Retained earnings AED'000	Total AED'000
At 1 January 2021	90,000	45,000	618,401	40,814	1,377	72,477	868,069
Profit for the year	-	-	-	-	-	96,796	96,796
Other comprehensive (loss)/income	-	-	-	46,799	(1,556)	-	45,243
Total comprehensive (loss)/income for the year	-	-	-	46,799	(1,556)	96,796	142,039
Dividends paid (Note 16)	-	-	-	-	-	(63,000)	(63,000)
Directors' fees (Note 20)	-	-	-	-	-	(4,200)	(4,200)
At 31 December 2021	90,000	45,000	618,401	87,613	(179)	102,073	942,908
Profit for the year	-	-	-	-	-	105,649	105,649
Other comprehensive (loss)/income	-	-	-	(6,441)	431		(6,010)
Total comprehensive (loss)/income for the year	-	-	-	(6,441)	431	105,649	99,639
Dividends paid (Note 16)	-	-	-	-	-	(63,000)	(63,000)
Director fees (Note 20)	-	-	-	-	-	(4,200)	(4,200)
At 31 December 2022	**90,000**	**45,000**	**618,401**	**81,172**	**252**	**140,522**	**975,347**

The accompanying notes form an integral part of these financial statements.

Statement of cash flows
for the year ended 31 December 2022

	2022 AED'000	2021 AED'000
Cash flows from operating activities		
Profit for the year	**105,649**	96,796
Adjustments for:		
Depreciation on property, plant and equipment (Note 5)	**38,991**	43,261
Amortisation of intangible assets (Note 7)	**3,741**	3,684
Depreciation on right-of-use assets (Note 6)	**14,111**	13,461
Finance income	**(2,277)**	(708)
Finance expense	**78**	123
Interest and other expense on lease (Note 6)	**3,695**	3,974
(Gain)/loss on sale of assets	**(301)**	1,901
Dividend income (Note 19)	**(4,047)**	(3,372)
Allowance for expected credit loss (Note 10)	**962**	1,453
Provision for employees' end of service benefits (Note 17)	**4,680**	2,955
Operating cash flows before changes in operating assets and liabilities	**165,282**	163,528
Decrease/(increase) in inventories	**7,493**	(26,101)
Decrease/(increase) in trade and other receivables	**9,520**	(26,459)
Increase in trade and other payables	**34,983**	15,360
Cash generated from operations	**217,278**	126,328
Employees' end of service indemnity paid (Note 17)	**(1,376)**	(1,020)
Net cash generated from operating activities	**215,902**	125,308
Cash flows from investing activities		
Purchase of property, plant and equipment (Note 5)	**(40,605)**	(12,953)
Purchase of intangible assets (Note 7)	**(307)**	(42)
Proceeds from disposal of property, plant and equipment	**411**	44
Dividend income, net (Note 19)	**4,047**	3,372
Finance income, net	**2,277**	708
Net cash used in investing activities	**(34,177)**	(8,871)
Cash flows from financing activities		
Repayment of term loans	**-**	(10,116)
Director fees paid	**(4,200)**	(4,200)
Dividends paid (Note 16)	**(63,000)**	(63,000)
Finance expense, paid	**(78)**	(123)
Lease payments (Note 21)	**(15,932)**	(15,828)
Net cash used in financing activities	**(83,210)**	(93,267)
Net increase in cash and cash equivalents	**98,515**	23,170
Cash and cash equivalents at the beginning of the year	**155,816**	132,646
Cash and cash equivalents at the end of the year (Note 11)	**254,331**	155,816
Supplemental disclosure of non-cash investing activity		
Transfer of property, plant and equipment to intangible assets (Note 5 & 7)	-	77

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements
for the year ended 31 December 2022

1. Legal status and activities

Dubai Refreshment (P.J.S.C) (the "Company") was incorporated in Dubai in 1959 by a Decree issued by His Highness The Ruler of Dubai. The Company is listed on the Dubai Financial Market ("DFM"). The registered address of the Company is P.O. Box 420, Dubai, United Arab Emirates.

The Company is engaged in bottling and selling Pepsi Cola International products in Dubai, Sharjah and the other Northern Emirates of UAE. The Company also exports Pepsi Cola International products from time to time to foreign countries after obtaining authorisation from Pepsi Cola International. The Company holds 7Up and Aquafina bottling and selling rights for the whole of the UAE.

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread across globe, causing disruptions to businesses and economic activity. The unprecedented nature of the crisis, the lack of enough historical data, the low visibility and the high uncertainty related to its evolution, its duration and its impact on the economy in general and the business in particular, make the quantification of its adverse negative impact on the business difficult to assess accurately at this stage. The management considered several foreseeable areas of operational risk and implemented various measures to ensure the continuity of the operations, the availability of the network and the ability of the organisation to cope with the lock-down situation. Company did not shut down any of its production plants during the lock down period.

The Company will continue to monitor the situation and make the necessary judgements and estimates as may be required. The assumptions and estimates used by the Company will be revisited according to the evolution of the situation and the availability of data allowing better estimation.

Federal Law No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on 20 September 2021 and has come into effect on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended (the "2015 Law"). The Company has applied the requirements New Companies Law during the year ended 31 December 2022.

2. Application of new and revised Standards

2.1 New and amended IFRS Standards that are effective for the current period

In the current period, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2022.

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in these financial statements. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

New and revised IFRS	**Summary**
Amendments to IAS 16 *Property, Plant and Equipment* relating to Proceeds before Intended Use	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Notes to the financial statements
for the year ended 31 December 2022 (continued)

2. Application of new and revised Standards (continued)

2.1 New and amended IFRS Standards that are effective for the current period (continued)

New and revised IFRS	Summary
Annual Improvements to IFRS Standards 2018 – 2020	Makes amendments to the following standards: • IFRS 1 *First-Time Adoption of International Financial Reporting Standards* – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. • IFRS 9 *Financial Instruments* – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. • IFRS 16 *Leases* – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. • IAS 41 *Agriculture* – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.
Amendments to IFRS 3 *Business Combinations* relating to Reference to the Conceptual Framework	The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.
Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* relating to Onerous Contracts - Cost of Fulfilling a Contract	The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 January 2022.

2. Application of new and revised Standards (continued)

2.2 New and revised IFRS in issue but not yet effective and not early adopted

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New and revised IFRSs	**Effective for annual periods beginning on or after**
IFRS 17 *Insurance Contracts*	1 January 2023
IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.	
Amendments to IFRS 17 *Insurance Contracts*	1 January 2023

Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017. The main changes are:

- Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023.
- Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk.
- Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination.
- Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level.
- Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements.
- Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives.
- Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held.
- Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts.
- Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.

2. Application of new and revised Standards (continued)

2.2 New and revised IFRS in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendment to IFRS 17 *Insurance Contracts* The amendment permits entities that first apply IFRS 17 and IFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before.	1 January 2023
Amendments to IAS 1 *Presentation of Financial Statements* relating to Classification of Liabilities as Current or Non-Current The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments also defer the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2023.	1 January 2023
Amendments to IFRS 4 *Insurance Contracts* Extension of the Temporary Exemption from Applying IFRS 9 The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.	1 January 2023
Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.	1 January 2023
Amendments to IAS 12 *Income Taxes* relating to Deferred Tax related to Assets and Liabilities arising from a Single Transaction The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.	1 January 2023

Notes to the financial statements
for the year ended 31 December 2022 (continued)

2. Application of new and revised Standards (continued)

2.2 New and revised IFRS in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	**Effective for annual periods beginning on or after**
Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.	1 January 2023
Amendments to IFRS 16 *Leases* The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.	1 January 2024
Amendments to IAS 1 *Presentation of Financial Statements* The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.	1 January 2024
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures (2011)* relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture	Effective date deferred indefinitely. Adoption is still permitted.

The Company anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of Company in the period of initial application.

3. Summary of significant accounting policies

Basis of preparation

The 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 UAE Federal Law No, (32) of 2021, and the Articles of Association of the Company.

The financial statements have been presented in U.A.E. Dirhams, which is the functional and reporting currency of the Company, rounded to the nearest thousand (AED `000), except when otherwise indicated.

3. Summary of significant accounting policies (continued)

Basis of preparation (continued)

The Company's financial statements have been prepared under the historical cost basis except for the following:

- derivative financial instruments are measured at fair value and
- financial assets at fair value through other comprehensive income.

Revenue recognition

Revenue from contract with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company does not have significant financing components.

Sale of goods

Revenue from 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. The normal credit term is 30 to 120 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer, The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

3. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Volume rebates

The Company provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Company then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

Dividend income

Dividend income is recognised when the Company's right to receive the dividend payment is established.

Value-added Tax (VAT)

Expenses, and assets are recognized 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; and/or
- When receivables and payables, amounts 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 statement of financial position.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Property, plant and equipment are depreciated on a straight-line basis over the assets' estimated useful lives as follows:

Buildings	3 to 30 years
Plant, machinery and equipment	2 to 20 years
Coolers and vending machines	5 to 7 years
Furniture and fixtures	2 years
Freezers	5 years

Land and capital work-in-progress are not depreciated.

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

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

3. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

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

Investment property

Investment property is carried at cost, net of any recognised impairment losses.

Cost includes direct costs, professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company' accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Impairment of non-financial assets

At each reporting date the Company reviews the carrying amounts of its assets to assess whether there is an indication that those assets may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows attributable to the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those incurred in bringing each product to its present location and condition, as follows:

- Raw materials - purchase cost on weighted average basis;
- Spares and consumables - purchase cost on weighted average basis;
- Finished goods - cost of direct materials plus an appropriate share of production overheads based on normal operating capacity and is determined on weighted average basis.

Net realisable value is based on the estimated selling price less any further costs expected to be incurred on disposal.

Damaged and obsolete inventories are written off.

3. Summary of significant accounting policies (continued)

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets with finite lives 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 expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category consistent with the function of the intangible asset.

Amortisation is calculated on a straight line basis over the assets' estimated useful lives as follows:

Franchise and bottling rights	20 years
Lease rights	20 years
Software	5 years

Foreign exchange difference

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except as otherwise stated in the Standards.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit or loss.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Amortised cost and effective interest rate method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the ‘finance income’ line item in profit or loss.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables, contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables, cash and cash equivalents, due from a related party and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Company employs statistical models to analyse the data collected and generate estimates of probability of default (“PD”) of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.

(iii) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(iv) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. Summary of significant accounting policies (continued)

Fair value measurement

The Company measures financial instruments, such as derivatives and investment securities at fair value at each reporting date.

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

- 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 to by the Company.

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 Company 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 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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature. Characteristics and risks or the assets or liabilities and the level of the fair value hierarchy, as explained above.

3. Summary of significant accounting policies (continued)

Current versus non-current classification

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

- Expected to be realised or intended to be 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 classified as 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 Company classifies all other liabilities as non-current.

Provision for end of service benefits

The Company provides end of service benefits for its expatriate employees in accordance with U.A.E. Labour Law. The entitlement to these benefits is based upon the employees' length of service and completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Provisions

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

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

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

3. Summary of significant accounting policies (continued)

Leases

The Company as lessee

The Company assesses whether contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property, plant and equipment' policy.

Corporate income tax

On 3 October 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") issued Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to implement a new CT regime in the UAE. The new CT regime is applicable for accounting periods beginning on or after 1 June 2023.

Generally, UAE businesses will be subject to a 9% CT rate, however a rate of 0% will be applied to taxable income not exceeding AED 375,000 or to certain types of entities, as prescribed by way of a Cabinet Decision. The Company is currently assessing the impact of these laws and regulations and will apply the requirements as further guidance is provided by the relevant tax authorities.

4. Critical accounting judgments and key sources of estimation uncertainty

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant impact on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Determining the lease term

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

Discounting of lease payments

The lease payments are discounted using the Company's incremental borrowing rate ("IBR"). For calculation of IBR, the Company has taken the borrowing rate as on the transition date and the rate is adjusted for Company's specific risk, term risk and underlying asset risk.

4. Critical accounting judgments and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a risk of causing an adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Calculation of loss allowance

When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Calculation of sales discount and volume rebates

For assessing the expected amount of rebates and discounts at year end, the management considers all the information that is reasonably available to them and shall identify a possible amount using the benchmarks mentioned in the sales contract.

Notes to the financial statements
for the year ended 31 December 2022 (continued)

5(a).Property, plant and equipment

	Land AED'000	Buildings AED'000	Plant, machinery and equipment AED'000	Coolers and vending machines AED'000	Furniture and fixture AED'000	Freezer AED'000	Capital work-in progress AED'000	Total AED'000
Cost								
At 1 January 2021	38,041	498,689	359,894	76,364	9,658	1,166	3,492	987,304
Additions	-	1,563	3,032	6,488	202	-	1,668	12,953
Transfers during the year	-	32	2,803	-	-	-	(2,912)	(77)
Disposals	-	(6,795)	(1,050)	(1,075)	-	-	(568)	(9,488)
At 31 December 2021	38,041	493,489	364,679	81,777	9,860	1,166	1,680	990,692
Additions	22,101	245	6,293	7,154	105	-	4,707	40,605
Transfers during the year	-	139	1,116	14	-	-	(1,269)	-
Reclassified to investment property*	(14,946)	-	-	-	-	-	-	(14,946)
Disposals	-	(184)	(957)	(1,357)	(347)	(896)	-	(3,741)
At 31 December 2022	**45,196**	**493,689**	**371,131**	**87,588**	**9,618**	**270**	**5,118**	**1,012,610**

Notes to the financial statements
for the year ended 31 December 2022 (continued)

5 (a). Property, plant and equipment (continued)

	Land AED'000	Buildings AED'000	Plant, machinery and equipment AED'000	Coolers and vending machines AED'000	Furniture and fixture AED'000	Freezer AED'000	Capital work-in progress AED'000	Total AED'000
Accumulated depreciation								
At 1 January 2021	-	113,930	177,929	66,725	9,073	737	-	368,394
Charge for the year	-	16,921	21,024	4,575	511	230	-	43,261
Disposals	-	(5,423)	(1,050)	(1,070)	-	-	-	(7,543)
At 31 December 2021	-	125,428	197,903	70,230	9,584	967	-	404,112
Charge for the year (Note 23)	-	16,258	17,531	4,854	253	95	-	38,991
Disposals		(184)	(958)	(1,346)	(347)	(796)	-	(3,631)
At 31 December 2022	**-**	**141,502**	**214,476**	**73,738**	**9,490**	**266**	**-**	**439,472**
Carrying value								
At 31 December 2022	**45,196**	**352,187**	**156,655**	**13,850**	**128**	**4**	**5,118**	**573,138**
At 31 December 2021	38,041	368,061	166,776	11,547	276	199	1,680	586,580

The factory buildings at Al Quoz are constructed on land granted by H.H. The Ruler of Dubai. In 2014, the land was converted from granted status to owned status.

Capital work in progress primarily pertains to IT IBP/Fortigate project (AED 1.1 million) and warehouse in Sharjah (AED 3.6 million).

The fully depreciated assets still in use amounting to AED 235,090 thousand (2021: AED 209,687 thousand).

*In 2020, the Company leased out a plot of land located in Business Bay area to a third party, which was previously classified under "property plant and equipment". However, this land plot falls under the recognition criteria of IAS 40 *"Investment Property"*. Therefore, during the current year, the Company has transferred this land plot to Investment Property with a carrying value of AED 14.94 million. This reclassification does not have a material impact on the comparative information included within these financial statements and therefore the Company has not restated the comparative financial information.

5 (a). Property, plant and equipment (continued)

Depreciation charge for the year has been allocated as follows:

	2022 **AED'000**	2021 AED'000
Cost of sales (Note 23)	**23,809**	25,844
Selling and distribution expenses	**10,184**	10,787
General and administrative expenses	**4,998**	6,630
	38,991	43,261

5(b) Investment property

	2022 **AED'000**
Balance at 31 December	**14,946**

Investment property represents a plot land in Business Bay, Dubai UAE. The fair value of the investment property at 31 December 2022 was estimated to be AED 88.9 million. During the year, the rental income from this land plot was AED 1,800,000 (2021: AED 1,800,000).

As permitted by IAS 40 *Investment Property*, the Company has chosen to carry Investment Properties under the "cost model". The Company therefore has disclosed the "fair values" of these investment properties. The "fair values' disclosed have been arrived at on the basis of a valuation carried out by an independent valuer. The fair value of the investment properties have been classified under level 3 of valuation hierarchy.

6. Right-of-use asset

The Company leases several assets including land, motor vehicles and accommodation. The average lease term is 5 years.

	Right-of-use assets			
	Land and building AED'000	**Equipment AED'000**	**Motor vehicles AED'000**	**Total AED'000**
1 January 2021	83,075	143	24,293	107,511
Additions	2,916	-	623	3,539
Depreciation expense (Note 23)	(5,210)	(116)	(8,135)	(13,461)
31 December 2021	80,781	27	16,781	97,589
Additions	-	-	7,821	7,821
Depreciation expense (Note 23)	(5,201)	(27)	(8,883)	(14,111)
31 December 2022	**75,580**	**-**	**15,719**	**91,299**

Notes to the financial statements
for the year ended 31 December 2022 (continued)

6. Right-of-use asset (continued)

Amounts recognised in profit or loss:

	2022 AED'000	2021 AED'000
Depreciation expense on right-of-use assets	**14,111**	13,461
Interest expense on lease liabilities (Note 21)	**3,695**	3,974
	17,806	17,435

7. Intangible assets

	Franchise and bottling rights AED'000	Lease rights AED'000	Software AED'000	Total AED'000
Cost				
At 1 January 2021	62,391	7,000	24,145	93,536
Additions	-	-	42	42
Transfers	-	-	77	77
At 31 December 2021	62,391	7,000	24,264	93,655
Additions	-	-	307	307
Transfers	-	-	-	-
At 31 December 2022	**62,391**	**7,000**	**24,571**	**93,962**
Amortisation				
At 1 January 2021	55,373	2,653	23,731	81,757
Charge for the year	3,119	350	215	3,684
At 31 December 2021	58,492	3,003	23,946	85,441
Charge for the year	3,119	350	272	3,741
At 31 December 2022	**61,611**	**3,353**	**24,218**	**89,182**
Net book value				
At 31 December 2022	**780**	**3,647**	**353**	**4,780**
At 31 December 2021	3,899	3,997	318	8,214

8. Investment in financial assets

	2022 AED'000	2021 AED'000
Balance at 1 January	**118,696**	71,897
Change in market fair value	**(6,441)**	46,799
Balance at 31 December	**112,255**	118,696

Notes to the financial statements
for the year ended 31 December 2022 (continued)

9. Inventories

	2022 AED'000	2021 AED'000
Raw material and consumables	**40,925**	47,413
Finished goods	**22,888**	24,216
Spare parts and supplies	**7,399**	7,076
	71,212	78,705
Less: Provision for slow moving spare parts and supplies	**(1,745)**	(1,745)
	69,467	76,960

Movements in the provision for slow moving spare parts and supplies inventories were as follows:

	2022 AED'000	2021 AED'000
At 1 January	**1,745**	1,745
At 31 December	**1,745**	1,745

During the year ended 31 December 2022, the carrying amount of raw material recognised as an expense and included as part of cost of goods sold in the statement of profit or loss amounts to AED 420.05 million (2021: AED 351.55 million).

10. Trade and other receivables

	2022 AED'000	2021 AED'000
Trade receivables	**114,769**	114,733
Less: allowance for expected credit loss	**(2,957)**	(1,995)
	111,812	112,738
Prepaid expenses	**10,326**	8,732
Advances to suppliers	**7,405**	6,769
Contract assets	**8,165**	8,432
Other receivables	**51,080**	63,534
Positive fair value of derivatives (Note 27)	**252**	-
Due from a related party [Note 19 (c)]	**980**	297
	190,020	200,502

10. Trade and other receivables (continued)

As at 31 December 2022, trade accounts receivable with a nominal value of AED 2.9 million (2021: AED 1.9 million) were impaired. Movements in the allowance for expected credit loss were as follows:

	2022 AED'000	2021 AED'000
At 1 January	**1,995**	2,162
Charge for the year	**962**	1,453
Write off during the year against receivable	**-**	(1,620)
At 31 December	**2,957**	1,995

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

				Past due but not impaired			
	Total AED'000	**Past due and impaired AED'000**	**Neither past due nor impaired AED'000**	**<30 days AED'000**	**30-60 days AED'000**	**60-90 days AED'000**	**>90 days AED'000**
2022	**114,769**	**2,957**	**95,471**	**12,244**	**3,773**	**324**	**-**
2021	114,733	1,995	91,879	16,330	3,682	830	17

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable given the nature of the business. It is not the practice of the Company to obtain collateral over receivables and the vast majority are, therefore, unsecured.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9 (Note 26):

	Collectively assessed AED'000	**Individually assessed AED'000**	**Total AED'000**
Balance as at 1 January 2021	262	1,900	2,162
Write off	(315)	(1,305)	(1,620)
Net re-measurement of loss allowance	371	1,082	1,453
Balance as at 1 January 2022	318	1,677	1,995
Write off	-	-	-
Net re-measurement of loss allowance	29	933	962
Balance as at 31 December 2022	**347**	**2,610**	**2,957**

11. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	2022	2021
	AED'000	AED'000
Cash at bank and on hand	**67,673**	50,394
Bank deposits	**186,658**	105,422
	254,331	155,816

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value. Bank deposits are short-term in nature having a maturity of less than three months and carries interest at rates ranging from 0.20% p.a. to 4.5% p.a. (2021: 0.20% p.a. to 1.75% p.a.).

The Company has assessed that there is no material impairment, and hence have not recorded any loss allowances on these balances.

12. Share capital

	2022	2021
	AED'000	AED'000
Authorized issued and fully paid up:		
90 million shares of AED 1 each	**90,000**	90,000

13. Statutory reserve

In accordance with Article 239 of Commercial Companies Law No. 32 of 2021 and the Company's articles of association, 10% of the annual profit of the Company is required to be transferred to a statutory reserve until the reserve equals 50% of the share capital. No transfer was made to the statutory reserve in 2022 as the reserve has already reached 50% of the share capital. This reserve is not available for distribution except as stipulated by the law.

14. General reserve

In accordance with Article 240 of the UAE Commercial Companies Law No. 32 of 2021 and the Company's articles of association, 10% of the Company's net profit may be transferred to a general reserve to be used only for the purposes stated in the Company's article of association.

In accordance with Clause 70 of the Company's article of association, 10% of the net profit for each year should be transferred to this reserve and such transfers may cease when the reserve equals 5% of the paid up share capital of the Company.

During the Board of Directors' meeting held on 21 February 2023, the Directors have approved not to transfer any amount from retained earnings to general reserve.

15. Fair value reserve

On adoption of IFRS 9, the Company has classified the equity investment securities as measured at FVOCI and re-designated the related fair value reserve accordingly as not to be reclassified to profit and loss in subsequent periods and classified into the statement of other comprehensive income.

16. Dividends

During the Board of Directors' meeting held on 21 February 2023, the Directors proposed a cash dividend of AED 0.70 per share totalling to AED 63 million relating to 2022 (2021: AED 0.70 per share totalling to AED 63 million). The dividend is subject to the approval of the shareholder in the Annual General Meeting.

During the year, the Company paid dividend of AED 63 million relating to 2021 (2021: paid dividend of AED 63 million relating to 2020).

17. Provision for employees' end of service indemnity

	2022 **AED'000**	2021 AED'000
Balance at the beginning of the year	**28,077**	26,141
Charged during the year	**4,680**	2,956
Payments during the year	**(1,376)**	(1,020)
Balance at the end of the year	**31,381**	28,077

18. Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to the shareholders of the Company, net of directors' fees, amounting to AED 101.45 million (2021: AED 92.6 million) by the weighted average number of shares outstanding during the year of 90 million shares (2021: 90 million shares).

The Company has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

19. Related party transactions and balances

Related parties represent shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management, which are substantially the same terms as those prevailing at the same time for comparable transactions with un-related parties.

The Company enters into transactions with companies and entities that fall within the definition of a related party as contained in IAS 24 *Related Party Disclosures*. Related parties comprise companies and entities under common ownership and/or common management and control and key management personnel.

The management decides on the terms and conditions of the transactions and of the services received/rendered from/to related parties, as well as on any other charges, which are substantially the same terms as those prevailing at the same time for comparable transactions with un-related parties.

19. Related party transactions and balances (continued)

a. Significant transactions with related parties included in the statement of profit or loss are as follows:

	2022 **AED'000**	2021 AED'000
Sales to a related party	**2,562**	1,821
Purchase from a related party	**5,701**	4,043
Dividend income	**4,047**	3,372

b. Compensation of key management personnel

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

	2022 **AED'000**	2021 AED'000
Short-term benefits	**11,764**	11,264
Employees' end of service benefits	**928**	508
Director's sitting fee	**140**	230
	12,832	12,002

c. Significant balances with related parties included in the statement of financial position:

	2022 **AED'000**	2021 AED'000
Due from a related party		
Other related party (included in trade and other receivables)		
Oman Refreshments Company Limited	**980**	297
Due to a related party		
Other related party (included in trade and other payables)		
Oman Refreshments Company Limited	**1,066**	528

Amounts due from and due to a related party is not offset as management has assessed that these financial assets and liabilities do not meet the offset criteria described in *IAS 32 - Financial Instruments: Presentation.* Amount due from related parties are interest free and payable on demand.

Notes to the financial statements
for the year ended 31 December 2022 (continued)

20. Trade and other payables

	2022 **AED'000**	2021 AED'000
Trade payable	**61,352**	37,785
Accrued expenses	**40,752**	41,780
Accrual for staff costs	**12,236**	11,610
Contract liabilities	**29,175**	25,869
Advances from customers	**8,335**	3,526
Deferred income	**10,074**	9,619
Due to a related party (Note 19)	**1,066**	528
Other payables	**39,416**	36,958
Negative fair value of derivatives (Note 27)	**-**	179
	202,406	167,854

Other payables include Board of Directors' fees of AED 4.2 million (2021: AED 4.2 million) payable to the directors of the Company after obtaining the shareholders' approval in the Annual General Meeting. It also includes an excise duty payable amounting to AED 30.14 million (2021: AED 27.3 million).

21. Lease liabilities

	2022 **AED'000**	2021 AED'000
Balance as at 1 January	**105,518**	113,834
Accretion of interest	**3,695**	3,974
Additions	**7,821**	3,539
Payments	**(15,932)**	(15,829)
Balance as at 31 December	**101,102**	105,518
Current	**13,912**	13,621
Non-current	**87,190**	91,897
	101,102	105,518

The maturity analysis of lease liabilities is as follows:

	2022 **AED'000**	2021 AED'000
Maturity analysis		
Not later than 1 year	**13,912**	13,621
Later than 1 year and not later than 5 years	**27,881**	30,700
Later than 5 years	**59,309**	61,197
	101,102	105,518

22. Revenue

	2022 **AED'000**	2021 AED'000
Local		
Long term contracts	**531,081**	441,131
Transaction based contracts	**136,624**	140,493
	667,705	581,624
Export		
Long term contracts	**48,443**	39,912
Transaction based contracts	**36,025**	48,171
	84,468	88,083
Total	**752,173**	669,707

23. Profit for the year

The profit for the year is stated after charging:

	2022 **AED'000**	2021 AED'000
Staff costs	**99,162**	92,393
Rental expenses - operating lease	**6,215**	5,147
Depreciation of property, plant and equipment (Note 5)	**38,991**	43,261
Depreciation of right of use asset (Note 6)	**14,111**	13,461
(Gain)/Loss on disposal of property, plant and equipment	**(301)**	1,901

Amount included in cost of sales:

	2022 **AED'000**	2021 AED'000
Staff costs	**22,698**	20,350
Rental - operating lease	**516**	514
Depreciation expense (Note 5)	**23,809**	25,844

During the year ended 31 December 2022, social contributions made by the Company amounted to AED 33 thousand (2021: AED 32 thousand).

24. Contingencies and capital commitments

	2022 **AED'000**	2021 AED'000
Bank guarantees	**10,431**	11,359

During the year ended 31 December 2018, the Company filed objections with regards to the excise duty levied by the Federal Tax Authority's ("Authority" or "FTA") on the inventory in hand of carbonated drinks as on 1 October 2017 being the effective date of the excise duty. The objections were filed with Tax Disputes Settlement Committee ("Committee") relating to excise duty for penalty amount of about AED 20.8 million recorded under "Trade and other receivables". In April 2019, the Committee awarded the decision to reduce the penalty to AED 8.8 million. The Company and the Authority both have filed appeals against the decision before the Federal courts of UAE in accordance with the applicable laws and regulations. On 26 July 2020, the Court of First Instance has ruled to cancel all administrative penalties and ordered FTA to return such penalties to the Company. FTA appealed against the decision of Court of First Instance and it was rejected in November 2020 by the Abu Dhabi Court of Appeal who retained the verdict of the First Court of Instance.

The authority appealed in UAE's Federal Supreme Court against the judgement. The Court has dismissed the appeal against taxes and administrative fines and penalties imposed by FTA against the Company, in connection with excise taxes on 3rd March 2021. The decision is final and executable as no further appeals can be made against the judgement of the UAE's Federal Supreme Court. The Company filed an execution file in Abu Dhabi Court on 20th May 2021 and amount has been received during the year.

25. Segment reporting

The Company operates in a single reporting segment of canning, bottling, distribution and trading of soft drinks and related beverages products. All the relevant information relating to this reporting/operating segment is disclosed in the statement of financial position, statement of profit or loss and notes to the financial statements.

Additional information required by IFRS 8 *Segment Reporting*, is disclosed below:

Information about geographical segments

During the year ended 31 December 2022, revenue from customers located in the Company's country of domicile (UAE) is AED 668 million (2021: AED 582 million) and revenue from customers outside UAE (foreign customers) is AED 84 million (2021: AED 88 million).

Major customer

During the year ended 31 December 2022, there were no customer of the Company with revenue greater than 10% of the total revenue of the Company (2021: 10%).

26. Financial risk management

The Company's principal financial liabilities comprise borrowing, accounts payables and other liabilities. The main purpose of these financial liabilities is to manage Company's cash flows. The Company has various financial assets such as accounts and other receivables, cash and cash equivalents, which arise directly from operations.

The main risk arising from Company's financial instruments are liquidity risk, market risk, credit risk, interest rate risk.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include term loans, bank deposits, investment securities and derivative financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company is exposed to interest rate risk on its interest bearing assets and liabilities (bank deposits and term loans).

The following table demonstrates the sensitivity of the statement of profit or loss to reasonably possible changes in interest rates, with all other variables held constant. The sensitivity of the statement of profit or loss is the effect of the assumed changes in interest rates on the Company's result for one year, based on the floating rate financial assets and financial liabilities held at 31 December.

There is no impact on the Company's equity.

	Increase/ decrease in basis points	**Effect on profit for the year AED'000**
2022		
AED	**+50**	**-**
AED	**-50**	**-**
2021		
AED	+50	-
AED	-50	-

26. Financial risk management (continued)

Foreign currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates, The Company had the following significant net exposures denominated in foreign currencies in the form of bank balances and term loans.

	2022 AED'000 Equivalent	2021 AED'000 Equivalent
Net assets:		
Euro	**39**	41

The below analysis calculates the effect of a reasonably possible movement of the AED currency rate against the above mentioned currency, with all other variables held constant, on the income (due to the fair value of currency sensitive monetary assets and liabilities).

	Increase/ decrease in exchange rate to the AED	**Effect on profit for the year increase (decrease) AED'000**	**Effect on other comprehensive income for the year increase/ (decrease) AED'000**
2022	**+5%**	**2**	**-**
	-5%	**(2)**	**-**
2021	+5%	2	-
	-5%	(2)	-

Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of equity index and the value of individual stocks. The Company's listed equity security is susceptible to market price risk arising from uncertainties about future values of the investment security. The effect on equity (fair value reserve) as a result of a change in the fair value of equity instrument quoted on Muscat Securities Market Oman and held as available-for-sale at 31 December 2022 and 31 December 2021, due to reasonably possible changes in the prices of these quoted shares held by the Company, with all other variables held constant, is as follows:

	2022		2021	
	Increase/ decrease in market prices %	**Effect on equity (fair value reserve) AED'000**	Increase/ decrease in market prices %	Effect on equity (fair value reserve) AED'000
Market index - Muscat Securities Market (Oman)	**+10%**	**11,226**	+10%	11,870
Impact of change in market prices	**-10%**	**(11,226)**	-10%	(11,870)

26. Financial risk management (continued)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. The Company limits its credit risk with regard to bank deposits by only dealing with reputable banks. The Company also manages the risk through dealings with large diversified base of customers as well as local and foreign banks.

Credit risk is limited to the carrying values of financial assets in the statement of financial position.

With respect to credit risk arising from other financial assets of the Company, including bank balances, trade and other receivables, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

	2022	2021
	AED'000	AED'000
Bank balances and deposits (Note 11)	**254,331**	155,816
Trade receivables (Note 10)	**114,769**	114,733
Due from a related party (Note 19)	**980**	297
Other receivables (Note 10)	**51,080**	63,534
Positive fair value of derivatives	**252**	-
	421,412	334,380

Bank balances

The Company limits its credit risk with regard to bank balances by dealing only with reputable banks. The credit risk is limited to the carrying values of the financial assets.

Trade receivables

Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal criteria. Outstanding trade receivables are regularly monitored. The requirement for an impairment is analysed at each reporting date on an individual basis for major clients.

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 (i.e., geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). 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.

26. Financial risk management (continued)

Credit risk (continued)

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate 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 Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The Company evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries.

Liquidity risk

The Company limits its liquidity risk by ensuring that adequate internally generated funds and bank facilities are available. The Company's terms of sales require amounts to be paid within 30 to 60 days from the date of sale, Trade payables are normally settled within 30 to 90 days from the date of purchase.

The table below summarises the maturities of the Company's discounted and undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

	Less than 6 months AED'000	**6 to 12 months AED'000**	**1 to 5 years AED'000**	**Total AED'000**
2022				
Trade and other payables	**121,122**	**-**	**-**	**121,122**
Lease liability	**6,956**	**6,956**	**87,190**	**101,102**
Total	**128,078**	**6,956**	**87,190**	**222,224**

Contractual maturities related to lease liabilities disclosed in Note 21.

	Less than 6 months AED'000	**6 to 12 months AED'000**	**1 to 5 years AED'000**	**Total AED'000**
2021				
Trade and other payables	97,598	-	-	97,598
Lease liability	7,055	6,566	91,897	105,518
Total	104,653	6,566	91,897	203,116

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximize shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2022 and 2021. Capital comprises share capital, reserves and retained earnings and is measured at AED 975 million as at 31 December 2022 (2021: AED 943 million).

27. Fair value of derivatives

Cash flow hedges

The Company also uses forward commodity contracts to manage some of its financing transaction exposures, highly probable transactions and commitment. The hedging relationship and objective, including details of the hedged item and hedging instrument, are formally documented and the transaction is accounted for as a cash flow hedge.

The cash flow hedges were assessed to be effective and as at 31 December 2022, a net unrealised gain of AED 0.432 million (2021: net unrealised loss of AED 1.56 million) was included in other comprehensive income in respect of these contracts.

The table below shows the positive and negative fair values of derivative financial instruments including cash flow hedges, which are equivalent to the market values, together with the notional amounts analysed by the term to maturity The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes In the value of derivatives are measured, the notional amounts indicate the volume of transactions outstanding at year-end and are neither indicative of the market risk nor credit risk.

	(Negative)/ positive fair value	**Notional amount AED'000**	**Within 1 year AED'000**
Derivatives			
31 December 2022			
Designated as cash flow hedge	**252**	**13,119**	**13,119**
31 December 2021			
Designated as cash flow hedge	(179)	12,948	12,948

The fair value of derivatives is presented in the statement of financial position as.

	2022 AED'000	2021 AED'000
Positive fair value of derivatives - current assets (Note 10)	**252**	-
Negative fair value of derivatives - current liabilities (Note 20)	**-**	179

28. Fair values of financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash on hand and bank balances, receivables, contract assets, derivatives and investment securities. Financial liabilities consist of bank borrowings, payables, contract liabilities and derivatives.

The fair values of financial instruments are not materially different from their carrying values.

28. Fair values of financial instruments (continued)

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not base on observable market data.

As at reporting date, the Company held the following financial instruments measured at fair value:

Assets measured at fair value

	Total AED'000	**Level 1 AED'000**	**Level 2 AED'000**	**Level 3 AED'000**
2022				
Investment securities				
Quoted equity shares consumer products sector (Note 8)	**112,255**	**112,255**	**-**	**-**
Positive fair value of derivatives - held as cash flow hedge (Note 10)	**252**	**-**	**252**	**-**
2021				
Investment securities				
Quoted equity shares consumer products sector (Note 8)	118,696	118,696	-	-
Negative fair value of derivatives - held as cash flow hedge (Note 20)	179	-	179	-

29. Approval of financial statements

The financial statements were approved by the Board of Directors and authorized for issue on 21 February 2023.

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Corporate Governance Report for the Year 2022

Since its establishment in 1959 by an Emiri Decree issued by Late His Highness Sheikh Rashid bin Saeed Al Maktoum (Governor of Dubai at that time), Dubai Refreshment (P.J.S.C.) has adhered to a set of values, ethics, and professional standards that have allowed it to thrive and become the leading provider of bottling and distribution services for soft drinks, non-carbonated beverages, snacks, and drinking water in the United Arab Emirates..

Dubai Refreshment (P.J.S.C.) is committed to transparent and accountable governance practices, with a focus on equity, disclosure, and compliance with the laws and regulations under the supervision of the regulating authority, the Securities and Commodities Authority ("The Authority"). The Board of Directors and management are committed to maintaining these standards, ensuring that the company operates with integrity and meets the highest standards of governance.

1. **Statement of the Measures Taken to Complete the Corporate Governance System during 2022, and the Manner of Implementation thereof.**

   By implementing the Chairman of Authority's Board of Directors' Decision no. (3/RM) of 2020 concerning Approval of Joint Stock Companies Governance Guide, Dubai Refreshment (P.J.S.C.) has taken the following procedures:

A. Amending the company's Articles of Association so that it conforms to the rules of corporate governance and the companies law.
B. The Audit Committee has been appointed by the Board of Directors
C. The Nomination and Bonuses Committee has been appointed by the Board of Directors
D. The Risk Committee has been appointed and its frameworks have been set by the Board of Directors.
E. The Board of Directors has appointed an internal audit company and a compliance officer, in addition to their work on updating the company's internal control system.
F. Appointment of an investor relations officer
G. Appointment of a risk management officer
H. Formation of a follow-up and supervision committee on insider transactions, stating its terms of reference and the tasks entrusted thereto.
I. Periodical update of the electronic databases on the company's website in order to provide the maximum degree of transparency required to provide a sound environment for investors and shareholders to follow developments in the company.
J. Periodical disclosure of the company's financial statements, the Board of Director, and the General Assembly meetings, in addition to adherence to all the regulatory rules in this field.
K. In addition, the Company continues to review its internal systems to introduce the procedures required by the aforementioned resolution for full and continuous compliance with the circulars issued by the Securities and Commodities Authority in terms of corporate governance rules.

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2. Statement of ownership and transactions of Board of Directors members and their spouses, their children in the Company securities during 2022:

#	Name	Position / relationship	shares owned as at 31/12/2022	Total Sales process	Total purchases transactions
	Mr. Ahmad bin Eisa Al Serkal	Chairman of Board of Directors	None	None	None
	Mr. Ali Bin Humaid Al Owais	Vice Chairman of the Board	318,861	None	None
	Mr. Ibrahim Abdulrazzak Ustadi	Board member	None	None	None
	Mr. Mohamed Abdulaziz Al Owais	Board member	13,704	None	None
	Mrs. Eman Mahmood Abdulrazzaq	Board member	None	None	None
	Mr. Buti Obaid Buti Almulla	Board member	None	None	None
	Mr. Abdulla Mohamed Rashid Al-Huraiz	Board member	None	None	None
	Mrs. Hana Obaid Buti Al-Mulla	The wife of a Board member Mr. Abdulla Muhammad Rashid Al Huraiz	283,050	None	None

3. Formation of the Board of Directors:

A. Statement of Formation of the Current Board of Directors according to the following table:

The Board of Directors of Dubai Refreshment (P.J.S.C.) consists of (7) seven members who have experience in the field of the Company's activity, as well as their experience in accounting, financial matters, banking operations, and business management. They also have the required experience to take wise decisions.

The Company's Board of Directors is composed of non-executive members and independent members. An appropriate balance between members shall be considered in the formation of the Board of Directors.

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Name	Position	Type of Membership	Experience	Qualifications	Period Spent as a Member in the Company's Board of Directors as of the Date of First Election
Mr. Ahmad Bin Eisa Al Serkal	Chairman of the Board of Directors	Non-Executive/ Independent Member	Family Business, Investments, Business management, Recycling and sustainability, Real estate.	Bachelor of Administrative Sciences, Business Administration	21
Mr. Ali Bin Humaid Al Owais	Deputy Chairman of the Board of Directors	Non-Executive/ Non-Independent Member	General Maintenance, Property Management	Bachelor of Business Administration	15
Mrs. Eman Mahmood Abdulrazzaq	Member of the Board of Directors	Non-Executive/ Independent Member	Banks, Human Resources Management	Bachelor of Business Administration	1
Mr. Mohamed Abdulaziz Al Owais	Member of the Board of Directors	Non-Executive/ Independent Member	Financial Analysis Business Administration	Bachelor of Communications Engineering Financial Analyst	12
Mr. Abdulla Mohamed Rashid Al Huraiz	Member of the Board of Directors	Non-Executive/ Independent Member	Accounting and Business Administration	Bachelor of Accounting	9
Mr. Ibrahim Abdulrazzak Ustadi	Member of the Board of Directors	Non-Executive/ Independent Member	Business Administration Financial Controller	Diploma in Accounting	18
Mr. Buti Obaid Buti Almulla	Member of the Board of Directors	Non-Executive/ Non-Independent Member	Business Administration	Diploma in Business Administration	3

Name	Membership in Other Joint Stock Companies	Their Positions in Other Important Regulatory, Governmental, or Commercial Authorities
Mr. Ahmad Bin Eisa Al Serkal	• Dubai Insurance Company (P.J.S.C) – Member of the Board of Directors	None

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Mr. Ali Bin Humaid Al Owais	• United Foods Company (P.J.S.C) - Chairman of the Board of Directors • Emirates NBD - Member of the Board of Directors • Emirates Islamic Bank - Member of the Board of Directors	None
Mr. Ibrahim Abdulrazzak Ustadi	None	None
Mr. Mohamed Abdulaziz Al Owais	• United Foods Company (P.J.S.C) Member of the Board of Directors	None
Mr. Abdulla Mohamed Rashid Al Huraiz	• Dubai Insurance Company (P.J.S.C) – Member of the Board of Directors • United Foods Company (P.J.S.C) Member of the Board of Directors	• Deputy General Manager - Financial Supervisory Authority - Government of Dubai
Mr. Buti Obaid Buti Almulla	• Dubai Insurance Company (P.J.S.C) – Chairman of the Board of Directors • Emirates Islamic Bank - Board Member • Emirates Investment Bank - Vice Chairman of the Board • Emirates NBD Bank - Member of the Board of Directors • Emaar Properties PJSC – Board member	None
Mrs. Eman Mahmood Abdulrazzak	• Emaar Properties PJSC – Board member	None

B. Statement of the Percentage of Female Representation in the Board of Directors for the year 2022:

The Board of Directors is formed from one female member and 6 male members.

C. Statement with the following:

1. Total remunerations of the Board of Director members paid for the year 2021: AED 4,200,000 (four million and two hundred thousand Emirati Dirhams)
2. Total remunerations of the Board of Director members proposed for the year 2022, which will be presented at the annual meeting of the General Assembly to be approved: AED 4,200,000 (four million and two hundred thousand Emirati Dirhams)

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3. There are no additional fees, allowances or salaries paid to any member of the Board of Directors, other than the allowances for attending committees.
4. A statement of the detailed allowances for attending sessions of the committees emanating from the Board of Directors that were received by the members of the Board of Directors for the fiscal year 2022, according to the following table:

Committees' Sitting Fees - Y2022						
Risk Committee Meeting	**12.12.2022**				**TOTAL**	
Name						
Mr. Ali Bin Humaid Al Owais	1				**1**	
Mr. Buti Obaid Buti Almulla	1				**1**	
Mr. Abdulla Mohamed Rashid Al Huraiz	1				**1**	
Directors Sitting Fees	**3**	0	0	0	**3**	**30,000**
Audit Meeting	**21.02.2022**	**11.05.2022**	**08.08.2022**	**07.11.2022**	**TOTAL**	
Name						
Mr. Abdulla Mohamed Rashid Al Huraiz	1	1	1	1	**4**	
Mr. Mohamed Abdulaziz Al Owais	1	1	1	1	**4**	
Directors Sitting Fees	2	**2**	2	2	**8**	**80,000**
Nomination & Remuneration Committee	**18.02.2022**				**TOTAL**	
Name						
Mr. Ibrahim Abdulrazzak Ustadi	1				**1**	
Mr. Abdulla Mohamed Rashid Al Huraiz	1				**1**	
Mrs. Eman Mahmood Abdulrazzak	1				**1**	
Directors Sitting Fees	**3**	0	0	0	**3**	**30,000**

D. The number of board meetings held during the fiscal year 2022 with a statement of their dates, number of times of personal attendance of all members, with a statement of the members represented by others.

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Meeting Date	Number of Attendees	Attendees by Representatives	Name of Non-Attendant Members
21 February 2022	7	0	0
11 May 2022	7	0	0
26 July 2022	7	0	0
20 October 2022	7	0	0
12 December 2022	7	0	0

E. The Board of Directors has not taken any decision by circulation during the year 2022

F. A statement of the tasks and competencies of the Board of Directors carried out by a member of the Board or the Executive Management during the year 2022 based on a delegation from the Board:

The Board of Directors collectively exercised its powers in managing the company directly through the periodic follow-up of the company's activity in the meetings of the Board, and the Board of Directors did not delegate any of its powers to any of its members or to the executive management during the year 2022.

G. A statement of the details of the transactions that took place with related parties during the year 2022, provided that it includes a statement of the related parties with an explanation of the nature of the relationship, the type of transaction and the volume of dealing during the year for each of those parties.

Statement of the Competent Party	Type of Relationship	Type of Transaction	Value of Transaction
Oman Refreshments Company (Sultanate of Oman)	Business operations within the normal scope of dealing	Supplying products from Oman Refreshments Company for the Company	AED 5,700,895
Oman Refreshments Company (Sultanate of Oman)	Business operations within the normal scope of dealing	Sales of the Company's products for Oman Refreshments Company	AED 2,561,831

Taking in account that the commercial operations mentioned above fall within the scope of normal business at the market prices and without any preferential conditions of any kind.

H. The organizational structure of the Company to include the first and second lines as a minimum, provided that it shall include the managing director and/or

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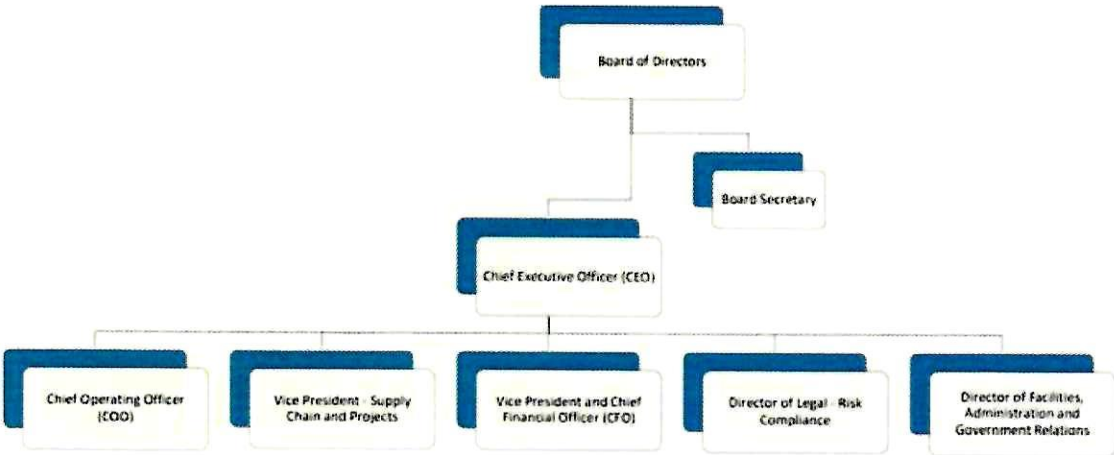
the general manager and/or the CEO and the managers working in the company such as the financial manager:



I. **A detailed statement of the senior executives in the first and second grades, according to what is stated in the company's organizational structure (according to 3-d), their jobs and dates of appointment, with a statement of the total salaries and bonuses paid to them, according to the following table:**

Position	Appointment Date	Total Salaries and Allowances Paid for the Year 2022 (AED)	Total Bonuses Paid for 2022 (AED)	Any In-kind/ Cash Rewards for the Year 2022 or Due in the Future
Chief Executive Officer	01/08/2008	1,705,572	1,824,000	None
Vice President – CFO	03/01/2016	1,229,100	279,127	None
Vice President - Supply Chain and Projects	01/11/2001	931,912	203,807	None
Vice President – COO	01/07/2012	1,147,660	472,596	None
Director of the Department of Facilities and Administrative and Government Relations	10/12/2012	744,822	111,790	None
Director of Legal	08/10/2013	557,010	100,731	None

*: the figures will be updated if or when the Board of Directors approves the bonuses scheme

4. **External Auditor:**

A. **A Brief Introduction about the Company's Auditor to the Shareholders:**
By doing its works in the Middle East region, today, Deloitte in the United Arab Emirates has five training offices in Dubai, Abu Dhabi, Fujairah, Ras Al Khaimah and Sharjah, with 20 partners, 25 directors/ managers, and over 400 auditing experts.

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Deloitte is a full-service company in the United Arab Emirates, with cutting-edge practices serving leading companies and institutions in banking and financial services, real estate, entertainment and hospitality, construction, public sector activities, trading, manufacturing, telecommunications, aviation, retail, and energy sources.
"We understand the region's rich cultural diversity and the variability of its languages and customs. Consequently, we are an approved Company by many governments and major institutions. We easily turn the industrial concerns into unbiased professional advice. Our clients constitute many of the largest entities and clients in the United Arab Emirates, operating in the field of energy and resources, financial services institutions, real estate, construction, aviation, general trading and manufacturing, and government sectors, as well as having references with well-established practices. Dubai also hosts our regional leadership for international tax services, risk consultations, and corporate finance advisory practice serving clients all over the Middle East."

B. <u>Statement of the Auditing Fees and Costs or the Services Provided by the External Auditor, according to the following table:</u>

Name of the auditing office and name of the partner auditor	Deloitte & Touche (Middle East) - Partner Auditor: Firas Anabtawi
Number of years spent as an external auditor for the Company	4
Number of years spent by the partner auditor in auditing the Company's accounts	1
Total fees for auditing and reviewing the financial statements (interim and annual) for the year 2022 (AED) – the amounts shall be stated in detail	AED 275,000 (two hundred and seventy-five thousand Emirati Dirhams)
Fees and costs of other special services other than auditing the financial statements for the year 2022 (AED), if any and in the absence of any other fees, this shall be explicitly mentioned	0
Details and nature of the other services provided (if any) and in the absence of other services, this shall be explicitly mentioned	None
Statement of the other services provided by **<u>any other external auditor</u>** other than the Company's auditor during 2022 (if any). In the absence of another external auditor, this shall be explicitly mentioned	None

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C. Statement of the qualified opinion of the company's external auditor: the external auditor did not have any reservation in their qualified opinions in any of the interim or the annual financial statements in 2022.

5. Audit Committee

A. An acknowledgment by the Chairman of the Audit Committee of his responsibility for the Committee's system in the Company and his review of its work mechanism and verification of its effectiveness.

"Mr. Abdulla Al Huraiz, Chairman of the Audit Committee, hereby acknowledges his responsibility for the committee's system in the Company and for his review of its work mechanism and verification of its effectiveness."

B. Names of the members of the Audit Committee, its terms of reference and the tasks entrusted thereto:

Name	Position	Type of Membership
Mr. Abdulla Mohamed Rashid Al Huraiz	Chairman of the Committee	Non-executive/ Independent
Mr. Mohamed Abdulaziz Al Owais	Committee Member	Non-executive/ Independent

The main task of the Audit Committee is to review the company's financial control and risk management system, develop and implement the contracting policy with the external auditor, submit the necessary reports to the Board of Directors specifying the issues it deems important to act on, follow up and monitor the independence and objectivity of the external auditor, and monitor the integrity of The company's financial statements and its interim and annual reports.

The task of the Oversight Committee also includes ensuring compliance with the disclosure requirements of the Dubai Financial Market and the Securities and

Commodities Authority, discussing internal control systems with management, and ensuring that it performs its duties in establishing an effective system of internal control. The Committee also provides assistance and assistance to the Board of Directors in carrying out its oversight responsibilities in order to ensure the independence of the financial results and the independence and qualifications of the independent external auditor.

The committee also has the power to access any of the company's departments, records, and properties in order to carry out its responsibilities, in addition to all the authorities and powers according to the decision of the Chairman of the Board of Directors of the Securities and Commodities Authority (03/R.M) for the year 2020.

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C. The number and dates of meetings held by the Audit Committee during the year 2022 to discuss issues related to the financial statements and any other matters, and an indication of the number of times of personal attendance of members in the meetings held:

Name	21/02/2022	11/05/2022	08/08/2022	07/11/2022
Mr. Abdulla Mohamed Rashid Al Huraiz	√	√	√	√
Mr. Mohamed Abdulaziz Al Owais	√	√	√	√

6. Nomination and Bonuses Committee:

A. An acknowledgment by the Chairman of the Nomination and Bonuses Committee of his responsibility for the Committee's system in the Company and for his review of its work mechanism and verification of its effectiveness.

"Mr. Ibrahim Abdulrazzak Ustadi, Chairman of the Nomination and Bonuses Committee, hereby acknowledges his responsibility for the Committee's system in the Company and for his review of its work mechanism and verification of its effectiveness."

B. Names of the members of the Nomination and Bonuses Committee, and statement of its terms of reference and the tasks entrusted thereto:

Name	Position	Type of Membership
Mr. Ibrahim Abdulrazzak Ustadi	Chairman of the Committee	Non-executive/ Independent
Mrs. Eman Mahmood Abdulrazzaq	Committee Member	Non-executive/ Independent
Mr. Abdulla Mohamed Rashid Al Huraiz	Committee Member	Non-executive/ Independent

Duties of the Nomination and Bonuses Committee are as follows:

1. Continuously ensuring the independence of the independent members, preparing the policy of granting remunerations, benefits, incentives, and salaries to members of the Company's Board of Directors and employees, and reviewing it annually.
2. Verifying that the remunerations and the benefits granted to the Company's senior executive management are reasonable and conform with the Company's performance.

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3. Determining the Company's needs for competencies at the level of senior executive management and employees and the basis for their selection.
4. Preparing the Company's human resources and training policy, monitoring implementation thereof and reviewing it annually, organizing and following up the procedures of nomination for membership of the Board of Directors in accordance with the applicable laws and regulations.

C. Statement of the number of meetings held by the Committee during 2022 and the dates of their convening, with an indication of the number of times of personal attendance of all Committee members:

Name	18/02/2022
Mr. Ibrahim Abdulrazzak Ustadi	√
Mrs. Eman Mahmood Abdulrazzaq	√
Mr. Abdulla Mohamed Rashid Al Huraiz	√

7. <u>Committee of Follow up and supervision on the insiders' transactions</u>

A. The Company's Board of Directors has formed a committee to follow up and supervise insiders' transactions, which has been formed from the Chief Executive Officer, with the membership of the Director of Legal Affairs, the Board Secretary, according to the applicable rules based on the decision of the Chairman of the Board of Directors of the Securities and Commodities Authority (03/R.M) for the year 2020.

B. **An acknowledgment by the Chairman of Committee of Follow up and Supervising Transactions of Prospective Persons with his responsibility for the Committee's system in the Company and for his review of its work mechanism and verification of its effectiveness.**
"Mr. Tarek El Sakka, Chairman of the Committee of Follow up and Supervising Transactions of Prospective Persons, hereby acknowledges his responsibility for the Committee's system in the Company and for his review of its work mechanism and verification of its effectiveness."

8. <u>Risk Committee</u>

A. An acknowledgment by the Chairman of the Risk Committee of his responsibility for the Committee's system in the Company and for his review of its work mechanism and verification of its effectiveness.
"Mr. Abdulla Al-Huraiz, Chairman of the Risk Committee acknowledges his responsibility for the Risk Committee's system within the Company, as well as for his inspection of the committee's work mechanism and effectiveness."

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B. The Board of Directors approved the establishment of a risk committee in accordance with the regulatory frameworks set forth under the Chairman of the Board of Directors of the Securities and Commodities Commission Resolution No. 3 of 2020, under which the aforementioned committee shall carry out its responsibilities and submit reports to the Board of Directors for information.

C. The committee's members are listed below, along with the dates of the committee's meetings in 2022:

Name	Position	Type of Membership
Mr. Abdulla Mohamed Rashid Al Huraiz	Committee Chairman	Non-executive/independent
Mr. Ali Bin Humaid Al Owais	Member	Non-executive/Non-independent
Mr. Buti Obaid Al Mulla	Member	Non-executive / Non-independent

The Committee held its meetings on the following occasions in 2022:

Name	12/12/2022
Mr. Buti Obaid Al Mulla	√
Mr. Ali Bin Humaid Al Owais	√
Mr. Abdulla Mohamed Rashid Al Huraiz	√

9. During the year 2022, no further affiliated committees of the Board of Directors were appointed.

10. <u>Internal Control System:</u>

A. Dubai Refreshments' Board of Directors recognizes its accountability for the Company's internal control system, its assessment, and its performance.
The internal control's primary responsibility is to manage risks within the Company and to properly apply governance rules to ensure compliance with applicable laws and regulations, as well as with the requirements of the Dubai Financial Market, the Securities and Commodities Authority.

B. PricewaterhouseCoopers (PwC) has been retained by the Company to execute internal audit tasks.

C. Additionally, the Board of Directors has nominated Mr. Karem Mahmoud as a Compliance Officer effective 10/8/2013. He is a specialist lawyer accredited by the Beirut Bar Association in Lebanon and currently serves as the Company's Director of Legal Affairs.

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D. PwC issued four periodic reports to the Audit Committee in 2022, each of which included a summary of its audit work in the Company's various departments, concluding that there were no issues or violations. The internal audit reports detail the Company's efforts to update its work policies and systems, as well as some technological issues that have been handled.
The Company's daily operations and administrative and operational procedures that are compliant with all applicable laws and regulations have resulted in the absence of any significant issues that require the internal control department to address.

11. Details of the violations Committed in 2022, their Reasons, and how they shall be Addressed and Prevented in the Future:

During the year 2022, the company was not found to have committed any violations or incurred any fines.

12. A Statement of the Company's Monetary and In-Kind Contributions to the Growth of the Local Community and the Protection of the Environment in 2022:

In 2022, as in previous years, the Company continued to uphold its commitment to social responsibility by participating in a wide range of activities that promote human, social, and environmental well-being in the local communities of Dubai and the Northern Emirates. The Company firmly believes in human values and contributing to the betterment of the communities in which we operate. The following are some examples of the activities that the Company has organized or supported in 2022:

The activity	Nature of contribution
West Asia para-Federation for Disabled Sport	Contributed AED 3,700 to buy a wheelchair.
Khorfakkan club for the Disabled	Contributed AED 3,000 to buy a wheelchair.
Emirates International Center & Rehabilitation of Determination	Contributed AED 3,000 to buy a wheelchair.
Omniyat People of Determination	Contributed AED 3,000 to buy a wheelchair.
Rashid Centre for people of determination	Contributed AED 3,000 buy a wheelchair.
Emirates Business women Council (UAE Business Woman Magazine)	Contributed with a magazine ad valued at AED 3,000
Al Tarek Rehabilitation &Autism Center	Contributed AED 3,000 to buy a wheelchair.
Manar Aleman Charity EST	Contributed AED 3,000 to buy a wheelchair.
UAE Food Bank (Contributing to 1 million meals)	Contributed AED 1,072 worth of water to contributing part of their 1 million meals.
People of determination (Summer activities)	Contributed AED 534 worth of water for their summer activities.
Emirates Sharjah Red crescent donation	Contributed AED 4,325 worth of water to help families in need.
Dubai Sports Council - Labourers tournament (Badminton)	Contributed AED 388 worth of water to the Laborers Badminton Tournament.
Dubai Sports Council - Labourers tournament (Cricket)	Contributed AED 258 worth of water to the Laborers Cricket Tournament.
Dubai Sports Council - Labourers Run	Contributed AED 1,034 worth of water to the Laborers Run
Dubai Sports Council - Labourers tournament (Cricket)	Contributed AED 457 worth of water to the Laborers Run Laborers Cricket Tournament.

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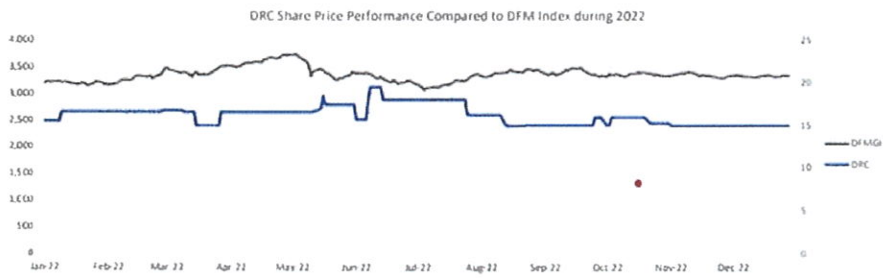
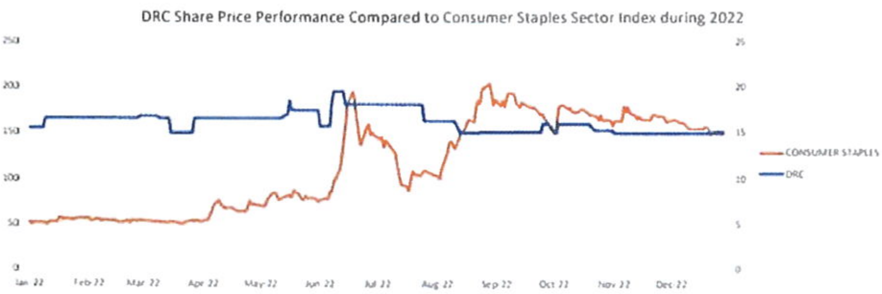
13. General Information:

A. <u>A Statement of the Market Price of the Company's Share (Closing Price, Highest and Lowest Prices) at the Conclusion of Each Month during Fiscal Year 2022:</u>

Month	High Month	Low Month	Closing Month
Jan 2022	16.600	16.600	16.600
Feb 2022	No Trading	No Trading	16.600
Mar 2022	16.800	15.000	16.600
Apr 2022	16.600	16.500	16.600
May 2022	19.050	17.050	17.500
Jun 2022	19.550	15.750	18.100
Jul 2022	18.100	16.300	16.300
Aug 2022	16.300	15.000	15.100
Sep 2022	16.000	15.100	16.000
Oct 2022	16.000	15.050	15.300
Nov 2022	15.000	15.000	15.000
Dec 2022	No Trading	No Trading	15.000

B. <u>A statement of the Company's comparative performance with the general market index and the sector index to which the Company belongs during 2022.</u>





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C. A statement of the shares distribution as of 30/12/2022 (individuals, companies, governments) classified as follows: local, GCC and foreign

Category of Shareholder	Percentage of owned shares			
	Individual	Companies	Government	Total
UAE Nationals	64.9683	32.9127	0	97.881
Arab	2.0635	0.0530	0	2.117
Foreigner	0.0025	0	0	0.0025
Total	67.034	32.913	0	100

D. A statement indicating the shareholders who own 5% or more of the Company's capital as on 30/12/2022 according to the following table:

Name	Number of Shares held 30/12/2022	The Percentage of Shares held from Company's Capital
Sheikh Ahmed bin Rashid bin Saeed Al Maktoum	17,999,550	19.9995
Mohamed & Obaid Al Mulla LLC	9,163,550	10.1817
Ghobash Trading and Investment Co. Ltd.	6,080,076	6.7556
Juma Al Majid Abdulla Muhairi	4,785,500	5.3172

E. statement of shares distribution pursuant volume as on 30/12/2022 according to the following table (Source: Dubai Financial Market):

S.No	Shares Ownership (share)	Number of Shareholders	Number of owned Shares	The Percentage of shares owned from company's capital
1	less than 50,000	97	1,068,638	1.187
2	50,000 to less than 500,000	80	13,420,517	14.912

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3	From 500,000 to less than 5,000,000	23	42,267,624	46.964
4	More than 5,000,000	3	33,243,176	36.937
		203	90,000,000	100.000

F. In execution of the Authority's decisions, the Company has complied with the Authority's procedures in general, as a dedicated email address has been designated for investors to communicate with the Company regarding any inquiries. Investor Relations Officer has been assigned to Mr. Karem Mahmoud, Director of Legal, Risk and Compliance. He can be reached through email at karem.mahmoud@pepsidrc.ae, by phone at +97148025000, +971501356949, or by fax at +97148025098. Regarding the electronic link to the investor relations page, the Company is currently updating it as part of its overall website update, and the link is as follows: https://pepsidrc.com/investor-relations/

G. The Company's annual general meeting for the year 2022 was conducted on 24/03/2021 via video conference technology and at the Company's headquarters at Dubai's second Dubai Investment Park. The following resolutions were adopted:

1. Reviewing the Board of Directors' report on the Company's operations and financial status for the fiscal year ending on December 31, 2020, and the aforementioned item received 99.5690 percent of the votes.
2. Considering and approving the auditors' report for the fiscal year ending December 31, 2020. The preceding item received 99.5864 percent of the vote.
3. Discussing and approving the Company's budget for the fiscal year ending on December 31, 2020, as well as the profit and loss account. The preceding item received 99.5864 percent of the vote.
4. Reviewing the Board of Directors' recommendation to distribute earnings for 2021 at AED 63 Million, due on 04/04/2022.The preceding item was accepted with 99.5690 percent of the vote.
5. Reviewing the Board of Directors' suggestions for rewarding members of the Board of Directors in the amount of AED 4,200,000 for the year 2021. The preceding item received 94.0176 percent of the vote.
6. Releasing members of the Board of Directors from liability for the fiscal year ending on December 31, 2020. The aforementioned item was accepted 99.5864 percent of the votes.
7. Releasing the auditors from liability for the fiscal year ending on December 31, 2020. The aforementioned item was accepted with 98.6548 percent of the vote.
8. Appointing Deloitte & Touche (Middle East) as the Company's auditor for the fiscal year 2022 and to set their fees at AED 275,000. The Assembly approved the motion with 99.5690 percent of the votes.
9. Confirming the appointment of Mrs. Eman Mahmood Abdulrazzaq as independent Board member.The preceding item was accepted with 98.6722 percent of the vote.

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10. Matters that require a special resolution: Amending the company's articles of association to comply with the requirements of Decree-Law No. 32/2021, after the approval of the competent authority (articles to be amended: Preamble, Definition – para. 2 and 4, Art. 23, Art. 47, Art. 68, Art. 78.). The aforementioned amendments was presented and was accepted 98.6548 percent of the votes.

The Company has complied with applicable regulations in terms of sharing earnings decided at the general assembly meeting via the Dubai Financial Market, as well as dispersing the salary of the Board of Directors members.

H. Board Secretary

Ms. Asma Al Naqbi is the Board Secretary for a company, appointed on September 13th, 2022. She holds two legal degrees and is responsible for ensuring the Board of directors' compliance with laws and regulations and oversees the corporate governance of the Board and the management. She administers meetings and minutes of the Board of Directors, prepares information and disclosures for meetings, maintains records and finalizes disclosures for financial statements. Additionally, she prepared the Corporate Governance Report for the year 2022 and will prepare, arrange, and follow up the annual General Assembly for the year 2023.

I. A Detailed Description of the Significant Events and Disclosures taken place during the Fiscal Year 2022:

The Company's performance for 2022 has been a strong one, marked primarily with serious increase in revenues and healthy operating margins. The overall macroeconomic improvement felt across the country intertwined with the expo event were the primary drivers behind the improvement in revenues.
On an adjacent note, despite the inflationary pressure on the cost base, profit margins have remained somewhat stable as the company has managed to increase the prices of some products as well as effectively hedged prices of some raw materials.

J. A Statement of the Company's Transactions conducted in 2022 equivalent to 5% or more of the Company's Capital.

The Company has concluded the essential agreements for the supply of raw materials and services required for its operations, and each of them falls within the framework of standard commercial transactions at market pricing without any preferential terms.

K. A Statement of the Company's Emiratization Percentage by the end of 2022.

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the Company is committed to developing the local community in Dubai and the Emirates where it operates, whether through the Company's social responsibility or through development of the Emirati human resources in accordance with UAE labor law and other applicable laws, decisions, and circulars issued by competent authorities.

Additionally, the Company has an established policy of employing capable Emiratis in addition to encouraging Emiratis students to be part of our internships opportunities. The percentage of Emiratization in administrative jobs (excluding workers) reached 4.6 at the end of 2022, noting that the Company's organization has a large number of unskilled labor.

L. A Statement of the Creative Projects and Initiatives Conducted by the Company or Under Development during the year 2022.

During 2022, the Company has launched several new products and initiatives as part of its sustainability agenda. To reduce the use of plastic, the Company introduced Aquafina aluminum cans specifically for the UAE market, in addition to non-returnable glass bottles, and state-of-the-art water stations that dispense and filter municipal water with flavor options.

Additionally, the Company expanded its non-sugar product line by adding Pepsi Black and launched Ceres Juice, a no added sugar juice. These products and initiatives not only support the Company's sustainability goals but also assist its customers in reaching their sustainability targets.

The Company Official Seal

Chairman of the Board of Directors

Signature

Chairman of the Nomination and Bonuses Committee

Signature

Chairman of the Audit committee

Signature

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Chairman of the Risks Committee

Signature

Internal Auditor

Signature

Dubai Refreshment PJSC

Environment, Social and Governance Report 2022

Table of Contents

About this Report

We are proud to present our Annual ESG Report for 2022, exemplifying our ongoing commitment to future-proof our business and create long-term value. Despite global health, climate, and economic challenges, we remain determined to be a responsible business and enhance our environmental, social, and governmental performance. Our stakeholders continue to provide invaluable feedback, which helps guide our decisions and investments in key areas.

This report reviews Dubai Refreshment PJSC's (hereafter referred to as DRC) ESG performance and business progress for 2022, encompassing all our operations within the United Arab Emirates, from our headquarters in Dubai to our manufacturing and distribution centres. As mandated by the Dubai Financial Market, we continue to monitor and disclose our environmental, social, and governmental performance to demonstrate our environmental, social, and financial impact on our stakeholders and the United Arab Emirates.

In accordance with the ESG disclosure guidelines outlined by the Dubai Financial Market (DFM), we have incorporated the 32 recommended ESG indicators in our report. DFM is an active member of the Sustainable Stock Exchanges (SSE) Initiative and the World Federation of Exchanges (WFE).

About Dubai Refreshment PJSC

Who We Are

Established in 1959 by late his highness Sheikh Rashid Bin Saeed Al Maktoum (Governor of Dubai at that time), DRC is a bottling and distributing company for Pepsi Cola beverages and other brands in the United Arab Emirates, headquartered in Dubai.

Since our appointment as the exclusive bottler and distributor of Pepsi products in 1962 in Dubai and Northern Emirates, DRC has grown to become one of the leading food and beverage manufacturing and distribution companies operating in the lower Gulf region, with a revenue of approximately 204 million US Dollars. We manufacture and distribute over 18 products across the water, carbonated, non-carbonated, juice and confectionery categories.

DRC began as a limited liability company and was amended to a public shareholding company in 1994. In 2007, we were listed on the Dubai Stock Exchange, signifying a great achievement and growth in performance since our inception. Our success and legacy can be attributed to our commitment to quality service delivery that respects stakeholder needs beyond financial success, as exemplified by our nine core values of integrity, respect, leadership, service, excellence, winning attitude, staff well-being, result-oriented and commitment to stakeholders.

Through innovation and collaboration, DRC is dedicated to delivering quality products to our customers across the country.

What We Do

Over the past 60 years, we have grown both in size and product diversification, from serving one brand at inception to becoming one of the largest manufacturers and distribution companies of over 16 products across the lower gulf.

Our diversified portfolio of trusted brands has become the icon of excellence and success in our operations:

Pepsi, Diet Pepsi, Pepsi Black, 7Up, Diet 7Up, Mirinda, Shani, Gatorade, Aquafina, Mountain Dew, Lipton Ice Tea, Lifewater, Rockstar, Ceres Juice, Evervess, Britvic, Topfruit, Snacktime, Edita, Bruno Cookies, Robinson, Teisseire.

Where We Operate

As the UAE's leading homegrown company, we take pride in our ability to strategically serve our customers and stakeholders. Our partnership with some of the world's most prominent food and beverage brands has enabled us to expand our portfolio and build trust. To ensure the seamless delivery of our products, we have strategically located our facility at the heart of the new industrial hub between Dubai and Abu Dhabi at Dubai Investment Park.

This state-of-the-art facility meets the current requirements of the industry, with convenient access to transport and communication networks. Our main factory and administration are based in Dubai Investment Park 2, Dubai, with warehouses in Sharjah, Fujairah, and Ras Al Khaimah.

Our Approach to ESG

In light of the increasing global concerns surrounding climate change, poverty, and social injustice, DRC is committed to taking action to minimise the negative impacts of these challenges on our operations, from manufacturing to distribution. We are in line with the UAE's sustainability goals and the Dubai Financial Market guidelines and have established sustainable practices which promote social inclusion and environmental protection while minimising risks.

In accordance with the sustainability guidelines of the Securities and Commodities Authority ("SCA"), we have aligned our strategic direction with the global framework of the UN Sustainable Development Goals (SDGs). This has enabled us to address issues within the manufacturing industry. To ensure the implementation and disclosure of our initiatives and impact, both internally and externally, we have established procedures and processes for our Board and stakeholders.

Our sustainability performance and impact are communicated to our stakeholders through our Annual ESG Report, while our Board and senior management are kept up-to-date through internal risk management and communication processes. We are confident that our commitment to sustainability will continue to benefit our stakeholders and communities.

Environmental Stewardship

The health of our planet and its natural resources is critical to our future, and business commitment to sustainable practices will lead to a world within which our business will thrive. As we strive to deliver quality products and shared value for our stakeholders, we are committed to meeting our environmental obligations while pursuing ways to improve our efforts in protecting the environment and improving community well-being in our areas of operation. DRC aims to minimise water consumption, reduce absolute GHG emissions, reduce energy consumption and manage waste.

As a leading bottler and distributor of food and beverage products, we recognise the environmental impact of our production and the increasing need to provide solutions that can help to reduce this impact. To this end, we have put in place procedures that aimed at responsible resource consumption, reduced direct and indirect greenhouse gas emissions through ecologically sound technologies and enhanced production efficiency.

We are also proud to announce that we have used 13,310 metric tonnes of sugar from our certified Bonsucro Sustainable Sugar supplier. This is a major milestone for our company as we strive to ensure that our operations are as sustainable and eco-friendly as possible.

Energy Optimisation

In 2022, we successfully implemented a series of innovative measures across our operations, notably in the fields of energy and process optimisation.

Firstly, we replaced sixteen diesel forklifts with electric forklifts, reducing our diesel consumption by an impressive 90,000 litres per year. This switch to electric forklifts not only decreased our diesel consumption but also provided a more efficient and cost-effective solution for our operations.

Secondly, we installed new active harmonic filters at six MDB panels to avoid stray currents and improve the quality of our power network. This was a crucial measure to safeguard our equipment and ensure our operations ran smoothly.

Finally, we optimised our NH_3 refrigeration system with the addition of a wet bulb sensor. This allowed us to avoid any unnecessary running of cooling tower equipment, further increasing the efficiency of our operations.

In addition to the measures we implemented in 2022, we are looking towards the future with our plans to replace all light fittings with LED type in the administration and sales offices. We are also looking into the feasibility of replacing the usage of approximately 792,000 litres of diesel in steam boilers with approximately 1,199,880 litres of LPG per year in order to reduce our GHG emissions. Additionally, we are conducting a feasibility study for using Hybrid Trucks and a feasibility study of installing a solar PV plant in our New Sharjah WH and Fujairah WH Depot.

At DRC, we are proud to report that our sales have seen a significant increase in recent years following the UAE economy. Although this has unavoidably contributed to a rise in energy consumption, we are proud to confirm that our energy intensity is a testament to our efficiency and effectiveness in consumption. We are confident that our ongoing focus on sustainability will guarantee that we can continue to reach our growth goals while keeping our environmental impact to a minimum.

Energy Consumption and Greenhouse Gas Emissions

Energy Source	2020	2021	2022
Petrol consumption used by company-owned or leased vehicles and machinery (GJ)	29,340	29,810	33,350
Diesel consumption used by company-owned or leased vehicles and machinery (GJ)	89,489	102,037	107,448
Electricity Purchased from Dubai Electricity and Water Authority (GJ)	51,374	55,822	58,077
Total Energy Intensity (MJ per Litre of production)	0.732 MJ/Litre of Production	0.693* MJ/Litre of Production	0.684 MJ/Litre of Production

**Upon revision, we learned that the figure disclosed for Total Energy Intensity for the year 2021 in the previous year's report was misaligned. We have rectified the error in this year's report with the correct figure.*

Based on the energy consumption numbers reported above, we have calculated our GHG Emissions.

- *GHG emissions for Scope 1 were calculated using the carbon conversion factors published in the 2006 Intergovernmental Panel on Climate Change Guidelines for National Greenhouse Gas Inventories.*

• *GHG emissions for Scope 2 are reported following the location-based method, which uses grid average emission factors. Conversion factors relevant to UAE come from the electricity generation emission factors published by the Dubai Electricity and Water Authority for 2020.*

Energy Mix	2020	2021	2022
Fuel (Petrol & Diesel)	62%	63%	64%
Purchased Electricity	27%	27%	26.4%
Solar Energy	11%	10%	9.6%

GHG Emissions - Tonne of CO2e	2020	2021	2022
Scope 1 – Direct Emissions	8,793	9,768	10,450
Scope 2 – Indirect Emissions	6,076*	6,602	6,519
Total GHG Emissions Intensity (KG of CO2e per Litre of production)	0.067 KG of CO2e/Litre of Production	0.060 KG of CO2e/Litre of Production	0.058 KG of CO2e/Litre of Production

Solar Energy

In our efforts to reduce reliance on electricity and lower our carbon footprint, we have adopted the use of renewable energy as an integral part in our operations. We have installed solar PV panels on our new facility's rooftop (50,000 square metres), generating up to 5,846,688 kWh of energy in 2022 alone. The energy derived from the panels is also connected to the Dubai Electricity and Water Authority (DEWA).

Solar Energy	2020	2021	2022
Solar Energy - Renewable Energy Production (GJ)	21,597	21,604	21,048

Water Consumption

At DRC, we are committed to increasing our water consumption's efficiency as part of our overall responsibility to water management. Responsible water management, from water consumption to disposal, helps us deliver value to our customers while conserving the very resource on which we depend to thrive. To this end, we have developed a comprehensive plan to manage and optimise our water resources. We are implementing measures to improve the Litre to Litre beverage production ratio from 1.60 to 1.53. This will result in a more efficient process and a reduction in the amount of water required for production.

Additionally, we are aiming to increase the reuse of waste-treated water in plant utility equipment from 175 m3/day to 185 m3/day. This will enable us to recycle water more effectively, thereby significantly reducing our reliance on water consumption. We are confident that by taking these measures, we will be able to significantly reduce our water consumption and contribute towards a better future.

As the figures below show, the water consumption purchased from DEWA has decreased in terms of volume despite the increase in sales and cases sold. On the other hand, the total amount of water reclaimed, recycled or reused has increased in 2022 by around 26% against 2021

Water Consumption	2020	2021	2022
Utility Water Consumption Purchased from Dubai Electricity and Water Authority	413,410 cubic metres	465,620 cubic metres	458,478 cubic metres
Total amount of water reclaimed Recycled or reused	78,772 cubic metres	121,393 cubic metres	152,550 cubic metres

water at the company			

Packaging & Waste Management

There is an exponential rise in the amount of waste generated globally, much of which ends up in oceans and landfills. Unregulated economic development and the demand for products from an ever-growing population have increased waste generation over the years.

In its Vision 2030, the UAE government has set an agenda towards enhanced value creation through optimised material flows and waste management. Dubai plans to recycle 100% of its waste by 2030 and cut the percentage being sent to landfill to zero from zero from the current 80-90 %.

In our effort to support the Government's initiatives, we will continue to implement procedures to minimise waste through recycling, reducing waste and using sustainable resources across every stage of our project lifecycle.

In our efforts to optimise material usage, we have taken considerable steps to reduce our plastic usage. Our efforts in reducing plastic usage have resulted in a considerable decrease in our overall plastic consumption. By replacing 53.6-gram preforms with 51.5-gram preforms in our 2.28-litre PET bottle production, we have been able to reduce plastic usage by 16,000 kilograms.
Furthermore, by transitioning to 1 piece closures rather than 2 piece closures in our PET CSD products, we have managed to reduce plastic usage by an additional 51,688 kilograms.

In 2023, we plan to reduce our PET/Plastic usage by approximately 18,000kg by using 50.5gm preforms instead of 51.5gm in 2.28L PET bottle production. We are also exploring the feasibility of replacing the pallet layer pads (cartons) with reusable plastic pads. This would help us further reduce our plastic usage while creating a more sustainable system. Finally, we are investigating the possibility of replacing R134 refrigerant usage in MEM equipment with sustainable refrigerant R290. This would be an effective way to reduce our carbon footprint and make our production process more sustainable.

These plans align with our commitment to reducing our carbon footprint and helping create a more sustainable future. We believe that making small changes in our production process can greatly impact the environment.

Social Performance

At DRC, we prioritise the well-being of our people and the environment. We strive to create an inclusive and equitable workplace and community by implementing specific initiatives to promote diversity, equity, and inclusion. We take our responsibility to protect the environment seriously and have implemented measures to safeguard both the people and the environment. We're proud of our corporate social responsibility initiatives and the positive impact they have had on our success. We're grateful to our staff and community for their unwavering support, and we remain committed to providing them with the best possible experience. To demonstrate our commitment to transparency and accountability, we have set measurable goals and continue to track our progress.

Our People

At our organisation, we recognise the importance of a corporate culture that supports the professional development goals of our employees. Since our inception, we have implemented policies and initiatives that prioritise the well-being and growth of our people. This not only helps our employees thrive in their roles, but also plays a critical role in achieving our organizational objectives. By fostering an environment that encourages people to excel, we are able to achieve success as a team. We remain committed to investing in the professional development of our people and strive to create opportunities that help them reach their full potential.

We foster an inclusive environment for our workforce, nurturing a culture that supports all employees regardless of gender, ethnicity, religion or background. We know the significant value of creating a diverse workforce and endeavour to create a fair and inclusive workplace that values and appreciates the contributions of each member.

In 2022, we experienced a noticeable increase in the number of mid-level female employees and a corresponding improvement in our overall female ratio. We further invested in Emiratisation initiatives and are delighted to see the results in our statistics, with the total number of Emirati Executives rising from 6% to 13%. Our efforts have also resulted in the total percentage of Emiratis (excluding labours) in DRC to be 4.47%

Workforce Overview	2021	2022
Total Full-Time Employees	1033	1058
Total Male	97%	96%

Total Female		3%	4%
Turnover Rate		12%	11%
Entry Level	Male	92%	91%
	Female	8%	9%
Mid-Level	Male	85%	83%
	Female	15%	17%
Senior Level	Male	87%	89%
	Female	13%	11%
Executives	Male	81%	87%
	Female	19%	13%
Nationals	Total HR	0.6%	1.4%
	Entry Level (Grade 3 and 4)	2%	5.4%
	Mid Level (Grade 5 and 5s)	0%	1.3%
	Senior Level (Grade 6 and 7)	5%	3%
	Executives (Grade 8, 9 and 10)	6%	13%

HR Policies and Procedures

At DRC, we have made a commitment to uphold the essential principles of human and workplace rights in all regions where we operate. Since our inception, we've implemented policies and procedures to protect our people from any violations of their rights. Our efforts align with the Federal Decree-Law No. 33 of 2021, which regulates labor relations in the private sector and went into effect in February 2022. This legislation and other laws and regulations are designed to protect the rights of both employers and employees and foster shared value creation.

We recognise the importance of maintaining a workplace that is safe, equitable, and respectful. To achieve this, we have set up policies and procedures that promote fair treatment, prevent discrimination, and ensure that everyone is treated with dignity and respect. We also provide training and education to our staff to ensure that they understand their rights and responsibilities and are equipped to create a positive and inclusive workplace. At DRC, we're committed to upholding these principles, and we're proud of the positive impact they have on our people and our operations.

Remuneration and Pay Ratio

To attract and retain top talent, DRC provides competitive and unbiased remuneration packages that are in line with market benchmarks and internal parity. We recognise that a fair and inclusive workplace should provide equitable remuneration for the same roles regardless of gender and cultural background. The minor discrepancy between the median salaries of male and female employees in 2022 can be attributed to the type and grade of the positions that are held by females in comparison to the total number of employees.

Compensation Indicators	2022
Pay Ratio Median Male: Female	1:5.7
Pay Ratio Median CEO: Employees	73.2:1

Occupational Health and Safety

Ensuring the safety of our employees is a fundamental aspect of our work ethics, and it plays a crucial role in the manufacturing and distribution industry. Therefore, it's essential to cultivate this culture throughout all our regional business operations. Pursuant to this, our Health and Safety team is guided by our HR policy to provide training, resources, and procedures designed to reduce health and safety dangers and ensure employees are aware of their duties in promoting safety. We encourage employees, management, and suppliers to collaborate in setting goals, assessing safety and health risks, developing recommendations, and making necessary improvements.

In 2022, we reported a Lost Time Injury Frequency rate (LTIFr) of 0.3 across all our operations, which is a significant improvement from the LTIFr rate of 3 reported last year. We are striving towards zero cases and taking additional steps to ensure safety in the workplace.

In accordance with Clause 13 of Article 13 of Federal Decree Law No. 33 of 2021 on the Regulation of Labour Relations in the Private Sector (the UAE labour law), we are committed to:

- Adhering to the UAE regulations on work safety (UAE Labour Law)
- Conducting regular audits (internal and external) to assess actual and potential risks and management measures followed by regular on-site inspections for health and safety risks
- Aligning with existing standards while regularly updating existing frameworks for setting and reviewing OHS Objectives and Targets.
- Regular communication with employees and stakeholders.
- Periodic review of our OH&S policies to ensure they're updated, relevant and appropriate to DRC.
- Tracking and taking accountability for reportable incidents to help raise awareness on the importance of a safe and healthy workplace
- Ensuring robust risk controls, such as regular personnel protective equipment inspections
- Ensuring frequent briefings on fatigue, heat stress, hearing conservation and respiratory protection

Community Support

DRC recognises the role the community plays in building an advantageous business environment. We are therefore committed to making a lasting contribution in the communities in our markets of operation with the aim of creating a positive impact on society at large. Our community investments align with our business strategy and the needs of the local communities while contributing to local and global standards such as the UN SDGs and the UAE vision 2030.

To this end, we have supported various organisations and projects, leveraging our expertise, finances and products to help shape the programmes of our communities. In 2022, we partnered with various organisations to support initiatives through investments and products.

In our effort to support the people of determination in our community, we made substantial donations to organisations such as the West Asia Para Federation for Disabled Sport, Khorfakkan Club for the Disabled, Emirates International Center & Rehabilitation of Determination, Omniyat People of Determination, Rashid Centre for People of Determination, Al Tareq Rehabilitation & Autism Centre and Manar Al Eman Charity EST. These donations went towards purchasing wheelchairs for their respective beneficiaries, allowing them to lead more independent and fulfilling lives.

We also donated our products, such as water, to various events and initiatives, including the UAE Food Bank (contributing to one million meals), People of Determination (Summer activities), Emirates Sharjah Red Crescent Donation, Blood Donation Campaign, Dubai Sports Council - Labourers Tournament (Badminton), Dubai Sports Council Labourers Tournaments. Through our donations, we aimed to provide nutrition, recreational activities, and a chance for people to come together and support each other.

Furthermore, we have continued our partnership with the Emirates Businesswomen Council to empower and support women in the UAE. In 2022, we supported the council by highlighting their efforts by marketing them in newspaper ads.

We were privileged to offer our assistance and support to those in our communities who were in need. Our CSR initiatives amounted to over AED 32 thousand, and we are proud to have been able to make a difference.

DRC strives to continue to invest and participate in building a sustainable future by tackling climate, social and community issues taking into consideration the views of our stakeholders and in partnership with various actors in the sector.

Corporate Governance

Corporate governance plays a critical role in creating a sound and sustainable operating environment, resulting in improved performance and long-term value for all our stakeholders. DRC has established a comprehensive governance framework that enables us to manage risk effectively, maximise product and service delivery, and improve customer experience while still achieving our strategic objectives.

The implementation of our strategies is the responsibility of our Board of Directors and Management, both of whom are highly experienced and committed to adhering to the highest standards of corporate governance. As part of our commitment to diversity and in compliance with local statutory regulations, DRC recently appointed its first female independent board member, whose nomination was endorsed at the Annual General Meeting of shareholders ("AGM") in March 2022.

The Board comprises one female Independent member and six male members, of which four are Independent and two are Non-Independent. This diverse mix of knowledge, experience and perspective allows us to effectively respond to the needs of our stakeholders.

Board of Directors		
Name	Position	Type of Membership
Mr. Ahmad bin Eisa Al Serkal	Chairman	Non-executive/Independent
Mr. Ali Bin Humaid Al Owais	Vice-Chairman	Non-executive/Non-Independent
Mr. Ibrahim Abdulrazzak Ustadi	Board member	Non-executive/Independent
Mr. Abdulla Mohamed Rashid Al-Huraiz	Board member	Non-executive/Independent
Mr. Mohamed Abdulaziz Al Owais	Board member	Non-executive/Independent
Mr. Buti Obaid Buti Almulla	Board member	Non-executive/Non-Independent
Mrs. Eman Mahmood Abdulrazzaq	Board member	Non-executive/Independent

Committees

The Audit Committee

DRC's Audit Committee comprises two members, appointed by the Board of Directors, to oversee the internal control systems, ensure the efficient operation of all management procedures, and verify the implementation of any necessary corrective measures. The Committee ensures that DRC's functions and processes are in full compliance with the Dubai Financial Market and the Securities and Commodities Authority requirements, including the conduct and approval of internal and external audits, the monitoring and approval of financial statements and reports, and the verification that all employees are adhering to the Company's code of conduct and values.

Name	Position
Mr Abdulla Mohamed Rashid Al-Huraiz	Chairperson
Mr Mohamed Abdulaziz Al Owais	Committee member

The Nomination and Bonuses Committee

The Nomination and Remuneration Committee is an integral part of the organisation, responsible for overseeing employee and board welfare through the implementation of policies and procedures related to benefits and compensation structures, rewards and incentives. They also conduct regular reviews, assessments and updates of the remuneration policies and procedures.

Furthermore, the committee evaluates the performance of the organisation's managers and board members and ensures that the necessary human resource management and capacity building are effectively carried out. The committee comprises three members, all of whom are Independent Non-Executive Directors.

Name	Position
Mr. Ibrahim Abdulrazzak Ustadi	Chairperson
Mrs. Eman Mahmood Abdulrazzaq	Committee member
Mr. Abdulla Mohamed Rashid Al-Huraiz	Committee member

The Insiders' Transactions Supervision Committee

In accordance with the regulatory framework set out by the Board of Directors of the Securities and Commodities Authority (03/R.M), DRC has, by means of a board resolution, formed a committee to oversee and supervise security measures and transactions of directors, officials and employees. This committee is comprised of the Chief Executive Officer and the Director of Legal Affairs. Additionally, the committee is responsible for providing regular updates of the insider list to the regulators and board members in charge of the company’s shares, which are disclosed in the company's Annual Corporate Governance Report.

The Risk Committee

The committee is responsible for sustaining the company's operational integrity by recognising and curtailing potential risks. The committee formulates comprehensive risk management policies and strategies to ensure the company's activities remain within its risk tolerance level.
Furthermore, the committee is tasked with the evaluating the effectiveness of the established frameworks and providing guidance to management when necessary to optimise risk management practices and mitigate specific risks.

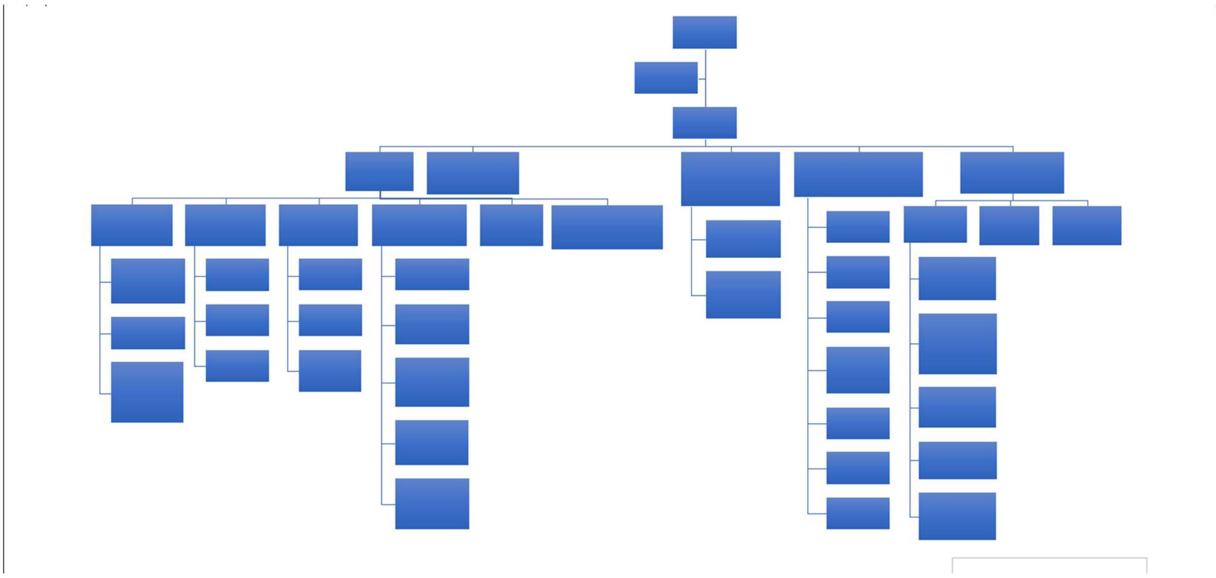
The committee's members are listed below:

Name	Position	Type of Membership
Mr Abdulla Mohamed Rashid Al Huraiz	Committee Chairman	Non-executive/Independent
Mr Ali Bin Humaid Al Owais	Member	Non-executive/Non-Independent
Mr Buti Obaid Al Mulla	Member	Non-executive / Non-Independent

Delegation of Authority and Management

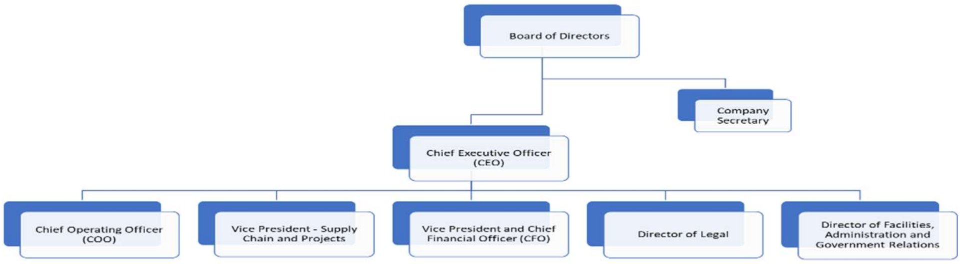
The Board of Directors oversees the management of the Company at both the administrative and operational levels. This is achieved with the help of a distinguished professional team comprising the CEO, directors, deputy president, and department managers, who carry out their work as directed by the Board of Directors.

The Organisational Structure



Governance Framework

Our governance systems are underpinned by our core values of integrity, respect, leadership, service excellence, a winning attitude, staff well-being, a results-oriented approach and a commitment to our stakeholders. These systems ensure our stakeholders are provided with accountability, transparency, integrity and disclosure on all matters. Heightened standards of corporate governance, combined with a rigid, sincere approach to disclosure, are pertinent to maintaining good stakeholder relations and improving corporate performance.



Confidentiality of Information

DRC values the sound management of confidential information by our employees and directors. We are committed to upholding loyalty by not using or giving away any trade secrets or confidential information belonging to us or the stakeholders with whom we are associated. Respect for the privacy of our stakeholders and their data is of utmost importance. All employees are expected to treat any information they receive about partners, clients, and the Company with the utmost care, ensuring that each one remains well-protected.

Confidential information refers to any valuable information that is not publicly known and whose unauthorised disclosure could expose DRC to competitors and other risks. Employees are informed of the need to maintain confidentiality concerning the Company and stakeholder information and are required to submit any confidential documents appropriately at the end of their shift.

In line with the comprehensive policies in place to protect DRC's information, DRC prohibits employees from using any inside information for personal gain or providing it to others.
Additionally, they are prohibited from disclosing confidential information at the workplace and keeping any official documents.

DRC is committed to adhering to data protection rules and regulations and upholding ethical standards in stakeholder information privacy. We are devoted to appropriately utilising stakeholder data, from collection to use, retention, and disclosure.

Ethics and Prevention of Corruption

At DRC, we are committed to making a positive impact by upholding high ethical standards. We expect all our employees to demonstrate integrity and honesty and take responsibility for their actions in line with our commitment to always conduct business ethically and fairly.

DRC strictly prohibits any form of corruption, including bribery, and we comply with all anti-corruption laws in the UAE. We have robust anti-corruption and compliance procedures and controls in place to reduce the potential of corruption in our business dealings, such as enhanced due diligence, screening and monitoring. Additionally, our employees receive comprehensive induction and training to raise awareness of corruption risks and applicable anti-corruption laws to avoid any inadvertent violations and identify and address potential issues.

Employees are provided with a booklet containing all necessary information regarding adherence to ethical standards and our Corruption Prevention policies. We are dedicated to upholding our high ethical standards and working to start the exercise and monitor employees compliance.

Whistleblower Policy

At DRC, we have a strong whistle-blower culture which enables us to handle and address issues in a timely manner, building trust among our employees, customers, suppliers, and business partners while protecting the company from legal, reputational, and financial risks.

We encourage our employees to voice their concerns or ask questions through multiple channels, including speaking with our Human Resources team and supervisors and through our independent and confidential email address, drcaudit@eim.ae. Reports can be made anonymously, where permitted by law, and DRC does not tolerate any form of retaliation for reporting potential misconduct by fellow employees, Senior Management, the Board of Directors, or any other offenders.

Grievance Mechanisms

DRC encourages employees to speak up if they witness any acts of discrimination or unlawful behaviour or face any challenges in the workplace or while performing their duties. The HR department provides a platform for employees to file grievances anonymously and expect an appropriate escalation path that will be implemented to resolve their issues. HR may escalate grievances to other Senior Management team members if deemed necessary, with every effort taken to ensure the employee's well-being.

This right is extended to all employees, regardless of their level of employment, cultural background, gender, or age. It can include disagreements arising from working relationships, working conditions, employment practices, or differences in the interpretation of policies that may occur.

Appendix 1: DFM - ESG Metrics

Category	Metric	Corresponding GRI Standards	Corresponding SDG	Page or Notes
ENVIRONMENT	E1. GHG Emissions	GRI 305: Emissions 2016	13 CLIMATE ACTION	8
	E2. Emissions Intensity	GRI 305: Emissions 2016	13 CLIMATE ACTION	8
	E3. Energy Usage	GRI 302: Energy 2016	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	7
	E4. Energy Intensity	GRI 302: Energy 2016	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	7
	E5. Energy Mix	GRI 302: Energy 2016	7 AFFORDABLE AND CLEAN ENERGY	8
	E6. Water Usage	GRI 303: Water and Effluents 2018	6 CLEAN WATER AND SANITATION	9
	E7. Environmental Operations	GRI 103: Management Approach 2016	-	7
	E8. Management Environmental Oversight	GRI 102: General Disclosures 2016	-	6
	E9. Board Environmental	GRI 102: General	-	6

	Oversight	Disclosures 2016		
	E10. Climate Risk Mitigation	-		6

Category	Metric	Corresponding GRI Standards	Corresponding SDG	Page or Notes
SOCIAL	S1. CEO Pay Ratio	GRI 102: General Disclosures 2016		13
	S2. Gender Pay Ratio	GRI 405: Diversity and Equal Opportunity 2016		13
	S3. Employee Turnover	GRI 401: Employment 2016	-	12
	S4. Gender Diversity	GRI 102: General Disclosures 2016 GRI 405: Diversity and Equal Opportunity 2016		11
	S5. Temporary Worker Ratio	GRI 102: General Disclosures 2016	-	0.001%
	S6. Non Discrimination	GRI 103: Management Approach 2016		12
	S7. Injury Rate	GRI 403: Occupational Health and Safety 2018		13

	S8. Global Health and Safety	GRI 103: Management Approach 2016	3 GOOD HEALTH AND WELL-BEING	13
	S9. Child and Forced Labour	GRI 103: Management Approach 2016*	8 DECENT WORK AND ECONOMIC GROWTH	12
	S10. Human Rights	GRI 103: Management Approach 2016	10 REDUCED INEQUALITIES	12
	S11. Nationalisation	-	8 DECENT WORK AND ECONOMIC GROWTH	11
	S12. Community Investment	GRI 413: Local Communities 2016	8 DECENT WORK AND ECONOMIC GROWTH	14

Category	Metric	Corresponding GRI Standards	Corresponding SDG	Page or Notes
GOVERNANCE	G1. Board Diversity	GRI 405: Diversity and Equal Opportunity 2016	5 GENDER EQUALITY	16
	G2. Board Independence	-	-	16
	G3. Incentivised Pay	-	-	N/A
	G4. Collective Bargaining	-	10 REDUCED INEQUALITIES	N/A
	G5. Supplier Code of Conduct	-	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Unknown % of suppliers signing the Supplier Code of Conduct
	G6. Ethics and Prevention of Corruption	-	-	20
	G7. Data Privacy	-	-	20
	G8. Sustainability Reporting	-	-	Dubai Refreshment P.J.S.C. Environment, Social and Governance Report 2022

	G9. Disclosure Practices	-	-	No
	G10. External Assurance	GRI 102: General Disclosures 2016	-	No