BAIT ALSHATEERA FAST FOOD RESTAURANTS

(A Listed Saudi Joint Stock Company)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
AND
INDEPENDENT AUDITOR'S REPORT

INDEX

Head office: Moon Tower - 8 Floor
P.O. Box 8736, Riyadh 11492
Unified Number : 92 002 4254
Fax : +966 11 278 2883

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
BAIT ALSHATEERA FAST FOOD RESTAURANTS
(A Listed Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Bait Alshateera Fast Food Restaurants** (A Listed Saudi Joint Stock Company) (the "Company"), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other 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 that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. 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 professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the Company's financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 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.

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Independent Auditor's Report to the Shareholders of Bait Alshateera Fast Food Restaurants (A Listed Saudi Joint Stock Company) Riyadh, Kingdom of Saudi Arabia (Continued)

Key audit matter (continued)

Revenue recognition	
Key Audit Matter	**How our audit addressed the key audit matter**
During the year ended 31 December 2022, the Company recognized net revenue of SR 250.4 million. The Company's revenue comprises sale of fast food, which is recognized at a point in time. The large quantum of transactions, increases the risk of overstatement of revenue and fraudulent financial reporting.	Our audit procedures included the following: • Evaluated the appropriateness of the Company's accounting policy related to revenue and compared with the applicable accounting standards; • Obtained daily sales reports and verified it on a sample basis to the sales revenue recorded in the system; • Perform cut off testing on a sample of sales transactions made before and after the year end to assess whether revenues were recognized in the correct accounting period; • Tested journal entries posted to revenue ledger to identify any unusual items; and; • Evaluated the adequacy and appropriateness of disclosures made in the financial statements.
Refer to Note 5.16 of the financial statements for the accounting policy and Note 21 for related disclosures.	

Other Information

Other information consists of the information included in the Company's 2022 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report.

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 identified above 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.

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 International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by SOCPA and Regulations for Companies and the Company's by laws 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, i.e. the Board of Directors, are responsible for overseeing the Company's financial reporting process.

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Independent Auditor's Report to the Shareholders of Bait Alshateera Fast Food Restaurants (A Listed Saudi Joint Stock Company) Riyadh, Kingdom of Saudi Arabia (Continued)

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 are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

For BDO Dr. Mohamed Al-Amri & Co.

د. محمد العمري وشركاه - محاسبون قانونيون
شركة مهنية رقم ٣٢٣/١١/٦٦
س.ت ٤٠٣٠٢٧٥٣٣٠
Jeddah
Certified Public Accountants
Dr. Mohamed Al-Amri & Co.

Maher Al-Khatieb
Certified Public Accountant
Registration No. 514

28 March 2023(G)
6 Ramadan 1444(H)

BAIT ALSHATEERA FAST FOOD RESTAURANTS
(A Listed Saudi Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	31 December 2022	31 December 2021
ASSETS			
Non-current assets			
Property and equipment	6	**77,846,436**	70,136,277
Right-of-use assets	7	**36,602,676**	35,543,288
Assets under construction and development	8	**4,414,625**	3,373,743
Intangible assets	9	**1,537,407**	1,532,808
		120,401,144	110,586,116
Current assets			
Inventories	10	**6,338,840**	4,842,711
Prepayments and other receivables	11	**17,655,853**	20,359,730
Cash and cash equivalents	12	**6,843,214**	7,886,360
		30,837,907	33,088,801
TOTAL ASSETS		**151,239,051**	143,674,917
EQUITY AND LIABILITIES			
Equity			
Share capital	13	**35,000,000**	25,000,000
Statutory reserve		**5,827,285**	5,557,588
Retained earnings		**16,108,720**	24,184,390
TOTAL EQUITY		**56,936,005**	54,741,978
LIABILITIES			
Non-current liabilities			
Loans and borrowings – non-current portion	14	**13,308,555**	15,549,930
Employees' end of service benefits	15	**4,774,448**	3,703,591
Lease liabilities – non-current portion	16	**23,261,577**	22,978,206
		41,344,580	42,231,727
Current liabilities			
Provision for zakat	17	**513,499**	515,954
Loans and borrowings – current portion	14	**10,129,791**	7,540,981
Trade and other payables	18	**28,442,656**	26,906,414
Lease liabilities – current portion	16	**13,398,589**	11,513,669
Due to related parties	20	**473,931**	224,194
		52,958,466	46,701,212
TOTAL LIABILITIES		**94,303,046**	88,932,939
TOTAL EQUITY AND LIABILITIES		**151,239,051**	143,674,917

Mohammad Al-Ruwaigh	**Mohammad Al-Kaoud**	**Malik Sumair Hassan**
Chairman of the Board	Chief Executive Officer	Chief Financial Officer

The accompanying notes from 1 to 32 form an integral part of these financial statements.

BAIT ALSHATEERA FAST FOOD RESTAURANTS
(A Listed Saudi Joint Stock Company)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	31 December 2022	31 December 2021
Revenue	21	**250,436,084**	234,782,861
Cost of revenue	22	**(182,125,953)**	(164,700,593)
Gross profit		**68,310,131**	70,082,268
Selling expenses	23	**(36,689,806)**	(29,020,097)
Administrative expenses	24	**(25,885,055)**	(23,311,467)
Operating profit		**5,735,270**	17,750,704
Finance cost	25	**(2,233,153)**	(1,532,068)
Other expenses	26	**(984,829)**	(715,495)
Other income		**642,129**	374,489
Profit before zakat		**3,159,417**	15,877,630
Zakat	17	**(462,445)**	(509,975)
Profit for the year		**2,696,972**	15,367,655
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Re-measurement loss on employees' end of service benefits	15	**(502,945)**	(276,145)
Other comprehensive loss for the year		**(502,945)**	(276,145)
Total comprehensive income for the year		**2,194,027**	15,091,510
Earnings per share:			
Basic and diluted earnings per share	27	**0.77**	**4.39**

Mohammad Al-Ruwaigh Chairman of the Board	**Mohammad Al-Kaoud** Chief Executive Officer	**Malik Sumair Hassan** Chief Financial Officer

The accompanying notes from 1 to 32 form an integral part of these financial statements.

BAIT ALSHATEERA FAST FOOD RESTAURANTS
(A Listed Saudi Joint Stock Company)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022
(All amounts are in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Total equity
Balance at 1 January 2021	25,000,000	4,020,822	18,629,646	47,650,468
Profit for the year	-	-	15,367,655	15,367,655
Other comprehensive loss	-	-	(276,145)	(276,145)
Transfer to statutory reserve	-	1,536,766	(1,536,766)	-
Total comprehensive income	-	1,536,766	13,554,744	15,091,510
Transactions with shareholders:				
Dividends	-	-	(8,000,000)	(8,000,000)
Balance at 31 December 2021	25,000,000	5,557,588	24,184,390	54,741,978
Profit for the year	**-**	**-**	**2,696,972**	**2,696,972**
Other comprehensive loss	**-**	**-**	**(502,945)**	**(502,945)**
Transfer to statutory reserve	**-**	**269,697**	**(269,697)**	**-**
Total comprehensive income	**-**	**269,697**	**1,924,330**	**2,194,027**
Transactions with shareholders:				
Issuance of bonus shares (Note 13)	**10,000,000**	**-**	**(10,000,000)**	**-**
Balance at 31 December 2022	**35,000,000**	**5,827,285**	**16,108,720**	**56,936,005**

Mohammad Al-Ruwaigh
Chairman of the Board

Mohammad Al-Kaoud
Chief Executive Officer

Malik Sumair Hassan
Chief Financial Officer

The accompanying notes from 1 to 32 form an integral part of these financial statements.

BAIT ALSHATEERA FAST FOOD RESTAURANTS
(A Listed Saudi Joint Stock Company)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	31 December 2022	31 December 2021
Cash flows from operating activities			
Profit before zakat		**3,159,417**	15,877,630
Adjustments for:			
- Depreciation - Property and equipment	6	**10,568,880**	8,670,395
- Depreciation – Right-of-use assets	7	**13,997,434**	12,531,767
- Amortization of intangible assets	9	**225,781**	183,331
- Finance cost on lease liability	25	**1,402,215**	1,262,891
- Finance cost on borrowings	25	**830,938**	269,177
- Loss on disposal of property and equipment		**938,630**	715,495
- Provision for employees end of service' benefits	15	**1,139,883**	1,069,222
Changes in working capital:			
- Inventories		**(1,496,129)**	(713,765)
- Prepayments and other receivables		**1,142,065**	(4,520,027)
- Trade and other payables		**1,634,446**	4,834,286
- Due to related parties		**249,737**	(5,212,707)
Cash generated from operations		**33,793,297**	34,967,695
Employees' end of service benefits paid	15	**(571,971)**	(423,139)
Zakat paid	17	**(464,900)**	(534,723)
Net cash generated from operating activities		**32,756,426**	34,009,833
Cash flows from investing activities			
Proceeds from sale of property and equipment		**168,000**	55,127
Purchase of property and equipment	6	**(6,175,349)**	(8,704,078)
Additions to assets under construction and development	8	**(14,433,262)**	(13,421,411)
Purchase of intangible assets	9	**(48,320)**	(261,812)
Net cash used in investing activities		**(20,488,931)**	(22,332,174)
Cash flows from financing activities			
Proceeds from loans and borrowings		**8,158,635**	12,242,921
Repayment of loans and borrowings		**(8,755,055)**	(3,035,491)
Dividends paid		**-**	(8,000,000)
Payments against lease obligations		**(12,714,221)**	(11,313,220)
Net cash used in financing activities		**(13,310,641)**	(10,105,790)
Net (decrease) / increase in cash and cash equivalents		**(1,043,146)**	1,571,869
Cash and cash equivalents at beginning of the year	12	**7,886,360**	6,314,491
Cash and cash equivalents at end of the year	12	**6,843,214**	7,886,360

Mohammad Al-Ruwaigh	**Mohammad Al-Kaoud**	**Malik Sumair Hassan**
(Chairman of the Board)	Chief Executive Officer	Chief Financial Officer

The accompanying notes from 1 to 32 form an integral part of these financial statements.

(All amounts are in Saudi Riyals unless otherwise stated)

1. LEGAL STATUS AND NATURE OF OPERATIONS

Bait Alshateera Fast Food Restaurants ('the Company') is a Listed Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration No. 1010268241 dated 28/05/1430H corresponding to 22/05/2009.

On 21 June 2021, the Capital Market Authority (CMA) approved the company's request to offer 725,000 shares, representing 29% of the capital, on Nomu (Parallel Market) and the shares of the Company listed on Nomu on 8 September 2021. During the year, on 14 November 2022 Commercial Registration and Articles of Association of the Company has been updated, the legal status of the Company is now a joint stock Company.

The Company's principal activity is chain of fast-food restaurants.

The Company's registered office address is:

P.O. Box 7277, Riyadh 12562 Kingdom of Saudi Arabia

1.1 Branches

Branch Commercial Registration No.	Date	Branch and its Location
1010317014	02/11/1432 H	Bait Alshateera Trading Branch (Al Riyadh)
1010315369	08/10/1432 H	Bait Alshateera for Fast Food Restaurant Branch (Al Riyadh)
1010315370	08/10/1432 H	Bait Alshateera for Fast Food Restaurant Branch (Al Riyadh)
1010315371	08/10/1432 H	Bait Alshateera for Fast Food Restaurant Branch (Al Riyadh)
1010315706	14/10/1432 H	Bait Alshateera for Fast Food Restaurant Branch (Al Riyadh)
1010346052	09/09/1433 H	Bait Alshateera for Fast Food Restaurant Branch (Al Riyadh)
1010346336	11/09/1433 H	Bait Alshateera for Fast Food Restaurant Branch (Al Riyadh)
1010361848	10/03/1434 H	Bait Alshateera for Fast Food Restaurant Branch (Al Riyadh)
1010361849	10/03/1434 H	Bait Alshateera for Fast Food Restaurant Branch (Al Riyadh)
2050132398	20/05/1441 H	Bait Alshateera for Fast Food Restaurant Branch (Dammam)
1010380300	09/08/1434 H	Bait Alshateera for Fast Food Restaurant Branch (Al Riyadh)
2055026410	22/04/1439 H	Bait Alshateera for Fast Food Restaurant Branch (Al Jubail)
2051220455	11/06/1439 H	Bait Alshateera for Fast Food Restaurant Branch (Al Khobar)
2051065573	07/05/1439 H	Bait Alshateera for Fast Food Restaurant Branch (Al Khobar)
2031102838	20/05/1441 H	Bait Alshateera for Fast Food Restaurant Branch (Al Ihsa)
2051221838	20/10/1439 H	Bait Alshateera for Fast Food Restaurant Branch (Al Khobar)
2050116675	20/10/1439 H	Bait Alshateera for Fast Food Restaurant Branch (Dammam)
2050116674	20/10/1439 H	Bait Alshateera for Fast Food Restaurant Branch (Dammam)
4030374773	20/05/1441 H	Bait Alshateera for Fast Food Restaurant Branch (Jeddah)
2052101288	20/10/1439 H	Bait Alshateera for Fast Food Restaurant Branch (Dhahran)
1011139597	02/05/1440 H	Bait Alshateera for Fast Food Restaurant Branch (Kharj)
1131304645	20/05/1441 H	Bait Alshateera for Fast Food Restaurant Branch
3350145552	06/01/1441 H	Bait Alshateera for Fast Food Restaurant (Hail)
1134102541	06/04/1441 H	Bait Alshateera for Fast Food Restaurant ((Bukayriyah)

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs), that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

2.2 Overall considerations

These financial statements have been prepared using the measurement bases specified by IFRSs for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies.

The principal accounting policies adopted in the preparation of these financial statements are set out in note 5. These policies have been consistently applied to all the year presented, unless otherwise stated.

The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires the Company's management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing these financial statements and their effect are disclosed in note 4.

These financial statements have been prepared on the historical cost basis, except for the following:

- Loans and borrowings at amortized cost;
- Defined benefits plan is measured at the present value of future obligations using Projected Unit Credit Method: and
- Lease liabilities at present value of future discounted cash outflows of lease rentals

Although the Company's current liabilities exceeded its current assets by SR 22 million as at 31 December 2022 (31 December 2021: SR 13.6 million), these financial statements have been prepared on a going concern basis. This is because the Company is in operating profits during year ended 31 December 2022 together with positive operating cash flows position for the year ended 31 December 2022, which indicates the Company's ability to pay its future liabilities.

2.3 Functional and presentation currency

These financial statements are presented in Saudi Riyals (SR), which is the Company's functional currency.

2.4 Financial year

The Company's financial year starts from 1 January and ends on 31 December in each Gregorian calendar year.

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early. The most significant of these are as follows:

a. New standards, interpretations and amendments not yet effective

IFRS	Summary	Effective date
IAS 1	Amendment - Disclosure of Accounting Policies	1 January 2023
IAS 8	Amendment - Definition of Accounting Estimates	1 January 2023
IAS 12	Amendment - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 16	Amendment - Lease Liability in a Sale and Leaseback	1 January 2024
IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2024
IAS 1	Amendment - Non-current Liabilities with Covenants	1 January 2024

b. New standards, interpretations and amendments effective in the current year

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022 but they had no material impact on these financial statements.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

IAS 37 defines an onerous contract as a contract in which the unavoidable costs (costs that the Company has committed to pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

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

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced during the testing phase of a manufacturing facility after it is being constructed but before start of commercial production). The proceeds from selling such samples, together with the costs of producing them, are now recognised in profit or loss.

References to Conceptual Framework (Amendments to IFRS 3)

In May 2020, the IASB issued amendments to IFRS 3, which update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 & IAS 41)

- IFRS 1: Subsidiary as a First-time Adopter (FTA)
- IFRS 9: Fees in the '10 per cent' Test for Derecognition of Financial liabilities
- IAS 41: Taxation in Fair Value Measurements.

4. USE OF JUDGEMENT AND ESTIMATES

The Company makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

Useful lives and residual values of property and equipment and intangible assets

An estimate of the useful lives and residual values of property and equipment and intangible assets is made for the purposes of calculating depreciation and amortization respectively. These estimates are made based on expected useful lives of relevant assets. Residual value is determined based on experience and observable data where available.

Impairment of non-financial assets

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flow management makes assumptions about future operating results. These assumptions are related to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial year.

4. USE OF JUDGEMENT AND ESTIMATES (Continued)

Provisions for slow-moving and obsolete inventories

Inventories are stated at the lower of cost or net realizable value. Adjustments are made to reduce the cost of inventory to net realizable value.

The Company calculates the provision for obsolete, slow moving and defective stocks and adjusts the carrying value of inventories, if required.

Leases

The determination of lease term for some lease contracts in which the Company is a lessee, including whether the Company is reasonably certain to exercise lessee options and the determination of incremental borrowing rate used to measure the lease liabilities.

Employees' end of service benefits

The cost of employee benefit obligations and other after-service benefits are determined by actuarial valuation exercises. The actuarial estimates involve making many assumptions that may differ from actual developments in the future. These assumptions include the determination of the discount rate and future salary increases. Given the complex nature of the estimates and the underlying assumptions and their long-term nature, the commitment of the identified benefits is greatly influenced by changes in these assumptions. All defaults are reviewed by the date each financial statement is set up.

Estimate of zakat

The Company's zakat charge on ordinary activities involves a degree of estimation and judgment in respect of certain items whose treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process.

Recognition and measurement of provisions

By their nature, the measurement of provisions depends upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. The Company's estimates related to provisions for environmental matters are based on the nature and seriousness of the contamination, as well as on the technology required for remediation. Provisions for litigation are based on cost estimation, considering legal advice and other available information.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted priced included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between the levels of the fair value hierarchy at the end of the reporting year during which the change has occurred. Further information about the assumptions made in measuring fair values is included in note 29 of these financial statements.

(All amounts are in Saudi Riyals unless otherwise stated)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company has consistently applied the accounting policies to all years presented in these financial statements. Following are the significant accounting policies applied by the Company in preparing its financial statements:

5.1 Foreign currency translation

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

5.2 Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment. All other repair and maintenance costs are recognized in the statement of profit or loss and other comprehensive income as incurred.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Derecognition

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal of an item of property and equipment is recognized in statement of profit or loss and other comprehensive income.

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives. Land is not depreciated.

The estimated depreciation rate of property and equipment for current and comparative years are as follows:

Description	Depreciation percentage
Buildings	2.9%
Installations and fixtures	10%
Furniture	10%
Tools and equipment	10%
Air conditioners	20%
Electrical equipment	12.5%
Computers	12.5%
Vehicles	25%

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

5.3 Assets under construction and development

Assets under construction and development are stated at cost and not depreciated. Depreciation on assets under construction and development commences when the assets are ready for their intended use. When assets are ready for their intended use, they are transferred to property and equipment or intangible asset based on the nature of asset. Finance costs on borrowings to finance the construction of qualified assets are capitalized during the time that is required to complete and prepare the asset for its intended use.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.4 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite life are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss and other comprehensive income in the expense category consistent with the function of the intangible assets.

The Company does not have any intangible assets with indefinite life.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss and other comprehensive income when the asset is derecognized.

Intangible asset	**Useful economic life**
Software	10 years

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

5.5 Impairment testing of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or CGU’s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company’s CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss and other comprehensive income.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.6 Financial Instruments

i. Financial assets

The Company classifies its financial assets into one of the categories described below, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss (FVTPL)

Financial assets fair valued through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of profit or loss in the finance income or expense line. The Company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Fair value through other comprehensive income (FVOCI)

Financial assets fair valued through other comprehensive income are carried at fair value with changes in fair value recognized in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to statement of profit or loss and other comprehensive income.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognized on settlement date with any change in fair value between trade date and settlement date being recognized in the fair value through other comprehensive income reserve. The Company does not have any such financial assets.

The Company does not have any financial instruments measured at FVOCI.

Amortized cost

These assets arise principally from the provision of goods and services to customers, but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

The Company's financial assets measured at amortized cost comprise, due from related party and cash and cash equivalents in the statement of financial position.

Subsequent measurement of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

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

Debt instruments that meet the following conditions are measured subsequently at FVOCI:

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

By default, all other financial assets are measured subsequently at FVTPL.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. Impairment losses related to assets are presented separately in the statement of profit or loss account.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Financial assets (continued)

De-recognition of financial assets

The Company derecognizes 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 recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

ii Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

Financial liabilities fair valued through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of profit or loss. The Company does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Finance cost bearing liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument. Such finance cost bearing liabilities are subsequently measured at amortized cost using the effective interest rate method, which ensures that any finance cost over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, finance cost includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Other short-term monetary liabilities, which are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method.

The Company's financial liabilities measured at amortized cost comprise trade payables and Murabaha loan.

De-recognition

When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of financial instruments

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

5.7 Inventory

Inventories are carried at the lower of cost or net realizable value. Cost is determined using weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

5.8 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand.

5.9 Leases

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a term of 12 months or less.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.9 Leases (continued)

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.
On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognized where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortized over the remaining lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognized in profit or loss.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognized in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.9 Leases (continued)

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e., it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

5.10 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued.

Retained earnings include all current and prior year profits.

All transactions with owners of the company are recorded separately within equity.

Statutory reserve

In accordance with the Regulations of Companies' law in the Kingdom of Saudi Arabia and the Company's Articles of Association, the Company should transfer 10% of the net profits for the year to statutory reserve until such reserve equals 30% of its share capital. This reserve is not available for distribution to shareholders.

Dividend payments

The Company recognizes a liability to make cash or non-cash distributions to owners of equity when the distribution is authorized and the distribution is no longer at the discretion of the Company.

5.11 Employees benefits

Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, air tickets and sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recorded at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Defined benefit plans

The end-of-service indemnity provision is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Re-measurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in other comprehensive income will not be reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- Re-measurements

The Company presents the first two components of defined benefit costs in profit or loss and third component in other comprehensive income, in relevant line items.

5.12 Trade payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period, which are unpaid. The amounts are unsecured. Accounts and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.13 Zakat

The Company is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. Any differences between the provision and the final assessment are recorded at the approval of the final assessment, when the provision is closed.

5.14 Provisions

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provisions.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases, where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized.

5.15 Borrowing costs

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

5.16 Revenue

Revenue represents the fair value of the consideration received or receivable for goods sold, net of returns.

Revenue is recognized when a customer obtains control of the goods. Determining the timing of transfer of control at a point in time or over the period of time requires judgement.

The Company recognizes revenue at point in time when it transfers control of a goods to a customer.

5.17 Cost of revenue

Cost of revenue is recognized in statement of profit or loss and other comprehensive income upon consumption of goods.

5.18 Finance cost

The Company's finance cost includes finance cost on lease liabilities.

Finance cost on Sharia Compliant facilities and interest expense on other facilities is recognized using the effective interest method.

5.19 Selling and administrative expenses

Selling and administrative expenses include direct and indirect costs not specifically part of cost of revenues. Allocations between selling, administrative expenses and cost of sales, when required, are made on a consistent basis.

(All amounts are in Saudi Riyals unless otherwise stated)

6. PROPERTY AND EQUIPMENT

	Land	Buildings	Installation and fixtures	Furniture	Tools and equipment	Air conditioners	Electrical equipment	Computers	Vehicles	Total
Cost:										
Balance at 1 January 2021	3,772,812	8,253,732	36,850,492	3,120,685	1,607,346	4,029,692	16,655,765	5,211,912	341,765	79,844,201
Additions	-	560,000	2,341,549	360,288	947,009	251,137	2,858,344	1,295,751	90,000	8,704,078
Transfer from assets under construction	-	495,732	8,718,241	133,076	565,396	983,550	1,568,634	517,933	-	12,982,562
Disposals/write off during the year	-	-	(1,447,093)	(5,100)	(12,000)	(9,000)	(90,280)	(41,799)	-	(1,605,272)
Balance at 31 December 2021	3,772,812	9,309,464	46,463,189	3,608,949	3,107,751	5,255,379	20,992,463	6,983,797	431,765	99,925,569
Additions	**-**	**-**	**1,226,376**	**74,493**	**782,211**	**92,342**	**3,690,053**	**309,874**	**-**	**6,175,349**
Transfer from assets under construction	**-**	**-**	**9,341,771**	**1,128,204**	**823,233**	**659,250**	**779,181**	**478,681**	**-**	**13,210,320**
Disposals / write off during the year	**-**	**-**	**(2,094,290)**	**-**	**-**	**-**	**(336,000)**	**-**		**(2,430,290)**
Balance at 31 December 2022	**3,772,812**	**9,309,464**	**54,937,046**	**4,811,646**	**4,713,195**	**6,006,971**	**25,125,697**	**7,772,352**	**431,765**	**116,880,948**
Accumulated depreciation:										
Balance at 1 January 2021	-	201,897	10,734,830	914,037	445,573	1,618,193	6,010,723	1,745,234	283,059	21,953,546
Charge for the year	-	244,277	4,058,114	324,442	223,661	786,358	2,226,659	750,060	56,824	8,670,395
Elimination on disposals/write off	-	-	(723,820)	(500)	(782)	(9,000)	(89,497)	(11,050)	-	(834,649)
Balance at 31 December 2021	-	446,174	14,069,124	1,237,979	668,452	2,395,551	8,147,885	2,484,244	339,883	29,789,292
Charge for the year	**-**	**266,277**	**5,049,139**	**380,894**	**371,645**	**965,884**	**2,647,536**	**865,021**	**22,484**	**10,568,880**
Elimination on disposals	**-**	**-**	**(1,111,665)**	**-**	**-**	**-**	**(211,995)**	**-**	**-**	**(1,323,660)**
Balance at 31 December 2022	**-**	**712,451**	**18,006,598**	**1,618,873**	**1,040,097**	**3,361,435**	**10,583,426**	**3,349,265**	**362,367**	**39,034,512**
Net book value at 31 December 2022	**3,772,812**	**8,597,013**	**36,930,448**	**3,192,773**	**3,673,098**	**2,645,536**	**14,542,271**	**4,423,087**	**69,398**	**77,846,436**
Net book value at 31 December 2021	3,772,812	8,863,290	32,394,065	2,370,970	2,439,299	2,859,828	12,844,578	4,499,553	91,882	70,136,277

	Note	31 December 2022	31 December 2021
Cost of revenue	22	**9,554,153**	7,824,186
Administrative expenses	24	**1,014,727**	846,209
		10,568,880	8,670,395

(All amounts are in Saudi Riyals unless otherwise stated)

7. RIGHT-OF-USE ASSETS

Cost:	
Balance at 1 January 2021	54,186,052
Additions during the year	17,361,885
Termination of leases during the year	(10,718,456)
Balance at 31 December 2021	60,829,481
Additions during the year	**16,913,787**
Termination of leases during the year	**(10,072,270)**
Balance at 31 December 2022	**67,670,998**
Accumulated depreciation:	
Balance at 1 January 2021	21,248,214
Charge for the year	12,531,767
Termination of leases during the year	(8,493,788)
Balance at 31 December 2021	25,286,193
Charge for the year	**13,997,434**
Termination of leases during the year	**(8,215,305)**
Balance at 31 December 2022	**31,068,322**
Net book value	
At 31 December 2022	**36,602,676**
At 31 December 2021	35,543,288

8. ASSETS UNDER CONSTRUCTION AND DEVELOPMENT

Balance at 1 January 2021	3,463,357
Additions during the year (note 8.1)	13,421,411
Transfer to property and equipment	(12,982,562)
Transfer to intangible assets	(528,463)
Balance at 31 December 2021	3,373,743
Additions during the year (note 8.1)	**14,433,262**
Transfer to property and equipment	**(13,210,320)**
Transfer to intangible assets	**(182,060)**
Balance at 31 December 2022	**4,414,625**

8.1. Additions during the year include capitalized borrowing costs of specific loans amounting SR 380,243 thousand (2021: SR 158,000) related to the construction of branches.

9. INTANGIBLE ASSETS

Cost:	
Balance at 1 January 2021	1,343,599
Additions during the year	261,812
Transfer from assets under construction and development	528,463
Balance at 31 December 2021	2,133,874
Additions during the year	**48,320**
Transfer from assets under construction and development	**182,060**
Balance at 31 December 2022	**2,364,254**
Accumulated amortization:	
Balance at 1 January 2021	417,735
Amortization for the year	183,331
Balance at 31 December 2021	601,066
Amortization for the year	**225,781**
Balance at 31 December 2022	**826,847**
Net book value	
At 31 December 2022	**1,537,407**
At 31 December 2021	1,532,808

(All amounts are in Saudi Riyals unless otherwise stated)

9. INTANGIBLE ASSETS (continued)

Amortization charge for the year has been allocated as follows:

	31 December 2022	31 December 2021
Cost of revenue	**113,326**	85,582
Administrative expenses	**112,455**	97,749
	225,781	183,331

10. INVENTORIES

	31 December 2022	31 December 2021
Raw materials	**2,581,743**	2,855,365
Packing and disposables	**3,381,986**	1,662,527
Chemicals	**375,111**	324,819
	6,338,840	4,842,711

11. PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2022	31 December 2021
Prepayments	**5,851,774**	6,076,589
Advances to suppliers	**4,112,692**	7,539,164
Advances against letter of guarantee	**1,757,468**	1,665,000
Deposits	**355,965**	330,361
Employees' loan	**645,589**	352,232
Other receivables	**4,932,365**	4,396,384
	17,655,853	20,359,730

12. CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash in hand	**618,764**	712,766
Bank balances – current account	**6,224,450**	7,173,594
	6,843,214	7,886,360

Cash at bank is held in a current account with a commercial bank in Saudi Arabia. Balance in current account bears no interest.

13. SHARE CAPITAL AND RESERVES

	31 December 2022	31 December 2021
Ordinary shares		
Number of shares issued and fully paid	**3,500,000**	2,500,000
Par value @ SR 10 each as at 31 December 2022 and 31 December 2021	**35,000,000**	25,000,000

Dividends

During the year, no dividends were approved by the Board of Directors for the financial year ended 31 December 2022 (31 December 2021: SR 8 million).

On 30 June 2022, the Extraordinary General Assembly ("EGA") approved the increase of the Company's share capital by SR 10 million and the corresponding increase of the number of the Company's issued ordinary shares by 1 million shares of SR 10 each. Such increase was effected through capitalization of the

(All amounts are in Saudi Riyals unless otherwise stated)

13. SHARE CAPITAL AND RESERVES (continued)

Company's retained earnings. Each shareholder was granted two (2) bonus share for every five (5) shares owned. All the legal formalities in this regard has been completed. The Company's share capital after the increase is SR 35 million, is fully paid and is divided into 3.5 million shares of SR 10 each.

14. LOANS AND BORROWINGS

	Year of maturity	**31 December 2022 Carrying Amount**	31 December 2021 Carrying Amount
Secured:			
Arab National Bank (Note - a)	2025	**5,647,065**	5,125,002
Al Rajhi Bank (Note - b)	2026	**10,414,510**	7,312,335
Social Development Bank (Note - c)	2024	**1,533,009**	2,506,074
Riyadh Bank (Note - d)	2024	**5,696,262**	8,000,000
Arab National Bank (Guarantee)		**147,500**	147,500
Total interest-bearing liabilities		**23,438,346**	23,090,911

	31 December 2022	31 December 2021
Non-current portion		
Secured Bank loan	**12,489,127**	13,952,050
Loan from Social Development Bank	**819,428**	1,597,880
	13,308,555	15,549,930
Current portion		
Secured Bank loan	**9,416,210**	6,632,787
Loan from Social Development Bank	**713,581**	908,194
	10,129,791	7,540,981

Information about the Company's exposure to interest rate, foreign currency and liquidity risks is included in note 29.

Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

a) The Company has Tawaruq finance contract with Arab National Bank with carrying amount of SR 5.64 million as at 31 December 2022 (31 December 2021: SR 5.27 million). The loan is subject to repayable in quarterly installments with last installment on June 2025.

b) The Company has Bai Al-Ajel finance contract with Al Rajhi Bank with carrying amount of SR 10.41 million as at 31 December 2022 (31 December 2021: 7.31 million). The loan is subject to repayable in quarterly installments with last installment on Aug 2026.

c) During year 2018, the Company obtained loan amounting to SR 3.8 million from Social Development Bank. The loan is subject to repayable in monthly installments with last installment on Dec 2024 with a carrying amount of SR 1.53 million. This loan is secured against the land owned by the Company amounting SR 2.7 million (31 December 2021 land SR 2.7 million).

d) During year 2021, the Company obtained loan from Riyadh Bank with carrying amount of SR 5.70 million as at 31 December 2022 (31 December 2021: SR 8 million). The loan is subject to repayable in quarterly installments with last installment on Aug 2024.

These loans are secured against promissory notes amounting to SR 33.1 million as at 31 December 2022 (31 December 2021: SR 33.9 million) and are payable over a period of loan terms as described in the above table.

(All amounts are in Saudi Riyals unless otherwise stated)

14. LOANS AND BORROWINGS (continued)

The outstanding secured loans as of 31 December 2022 and 31 December 2021 have markup cost which is generally based on prevailing market rates.

15. EMPLOYEES' END OF SERVICE BENEFITS

	31 December 2022	31 December 2021
Net defined benefit liability	**4,774,448**	3,703,591

The Company accounts for employees' end of service benefits in accordance with labor law in the Kingdom of Saudi Arabia. The defined benefit plan entitles an employee who completed over two but less than five years of service, to receive a payment equal to one-third of their final salary for each completed year of service. Similarly, an employee who completed over five but less than ten years of service, to receive a payment equal to two-third of their final salary for each completed year of service. Further, an employee who completed over ten years of service, to receive a payment equal to their final salary for each completed year of service.

The most recent actuarial valuation of the present value of the end of service benefit obligation was carried out as at 31 December 2022. During the financial year, there were no material fluctuations or events affecting the actuarial assumptions used to calculate the liability.

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Movement in net defined benefit liability

The following table shows reconciliation from the opening balances to the closing balances for net defined benefit liability and its components.

	31 December 2022	31 December 2021
Balance at 1 January	**3,703,591**	2,781,363
Included in statement of profit or loss		
Current service cost	**1,042,481**	1,013,595
Finance expense	**97,402**	55,627
	4,843,474	3,850,585
Included in statement of other comprehensive income		
Actuarial loss	**502,945**	276,145
Benefits paid	**(571,971)**	(423,139)
Balance at the end of the year	**4,774,448**	3,703,591

Actuarial assumptions on defined benefit liability

Actuarial valuations were performed by an independent qualified actuary. Following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31 December 2022	31 December 2021
Discount rate	**5%**	2.85%
Future salary growth	**5%**	2.5%

Sensitivity analysis

The sensitivity analysis presented below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions.

(All amounts are in Saudi Riyals unless otherwise stated)

15. EMPLOYEES' END OF SERVICE BENEFITS (continued)

constant. A positive amount represents an increase in the liability whilst a negative amount represents a decrease in the liability.

	31 December 2022		31 December 2021	
	Increase	**Decrease**	Increase	Decrease
Discount rate (1% movement)	**4,514,463**	**(5,069,412)**	3,941,227	(3,494,735)
Future salary growth (1% movement)	**5,090,516**	**(4,490,577)**	3,957,869	(3,475,770)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

16. LEASE LIABILITIES

	31 December 2022
Cost:	
Balance at 1 January 2021	31,315,774
Additions	15,500,654
Finance cost	1,262,891
Payments made during the year	(11,313,220)
Termination of lease	(2,274,224)
Balance at 31 December 2021	34,491,875
Additions	**15,351,975**
Finance cost	**1,402,215**
Payments made during the year	**(12,714,221)**
Termination of lease	**(1,871,678)**
Balance at 31 December 2022	**36,660,166**

As at 31 December 2022, non-current portion of lease liabilities amounted to SR 23.26 million and current portion amounting to SR 13.40 million (31 December 2021: SR 22.97 million and SR 11.51 million).

Following are the contractual maturities at the end of the reporting year of lease liabilities

		Contractual cash flow					
	Carrying Amount	**Total**	**3 months or less**	**3 to 12 months**	**1 to2 Years**	**2 to 5 Years**	**More than 5 years**
31 December 2022							
Lease liabilities	**36,660,166**	**36,660,166**	**4,002,081**	**9,396,508**	**10,027,551**	**11,771,561**	**1,462,465**
31 December 2021							
Lease liabilities	34,491,875	34,491,875	2,664,349	8,849,320	13,662,264	9,315,942	-

17. PROVISION FOR ZAKAT

Amount recognized in statement of profit or loss

	31 December 2022	31 December 2021
Zakat		
Current year – zakat	**462,445**	509,975

(All amounts are in Saudi Riyals unless otherwise stated)

17. PROVISION FOR ZAKAT (continued)-

Movement in provision

The movement in zakat provision is as follows:

	31 December 2022	31 December 2021
At the beginning of the year	**515,954**	540,702
Charge for the year	**513,499**	509,975
Reversals during the year	**(51,054)**	-
Payments made during the year	**(464,900)**	(534,723)
At the end of the year	**513,499**	515,954

Status of assessments

The Company has submitted the return with Zakat, Tax and Customs Authority ("ZATCA") till December 2021, and have obtained final certificates. ZATCA has finalized the zakat assessment for the financial year 2018 but final assessments for the financial years 2019, 2020 and 2021 are pending with ZATCA.

18. TRADE AND OTHER PAYABLES

	31 December 2022	31 December 2021
Trade payables	**22,285,664**	17,225,685
Employees' related payables	**3,544,341**	4,446,139
Accrued expenses	**1,945,449**	4,528,399
VAT payable	**667,202**	706,191
	28,442,656	26,906,414

Information about the Company's exposure to currency and liquidity risks is included in note 29.

19. COMMITMENTS AND CONTINGENCIES

Capital commitments

At 31 December 2022, the Company has capital commitments of SR 957,573 (31 December 2021: SR 1,426,091) with respect to assets under construction.

20. RELATED PARTIES TRANSACTIONS AND BALANCES

20.1 Related party transactions

The Company in the normal course of business carries out transactions with various related parties. Related parties' transactions are approved by the Company and its Board. The terms and conditions of these transactions were no more favorable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel and non-related companies on an arm's length basis.

Outstanding balances at the year-end are unsecured, interest-free and settled in cash. There have been no guarantees provided or received for any related party receivables or payables.

Key management remuneration

The aggregate amount charged in the financial statements for remuneration includes all benefits to Chief Executive Officer (CEO), directors and executives of the Company for the year ended 31 December 2022 is SR 3,324,030 (31 December 2021: SR 3,383,280).

The following are the details of major related party transactions and balances during the year:

Related party	**Relationship**	**Type of transaction**	**31 December 2022**	31 December 2021
Yeswa Logistic Services Est.	Affiliate	Services	**(4,713,617)**	(4,270,230)
Saldwich Company	Affiliate	Services	**(54,355)**	(44,964)

(All amounts are in Saudi Riyals unless otherwise stated)

20. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

20.2 Related party balances

Related party balances as at:

Due (from) / to related parties	Relationship	31 December 2022	31 December 2021
Mr. Sami Bin Mohammed Bin Nasser Al Obeid	Key management personnel	**-**	(38,319)
Saldwich Company	Affiliate	**13,841**	130,321
Yeswa Logistic Services Est.	Affiliate	**460,090**	132,192
		473,931	224,194

21. REVENUE

	31 December 2022	31 December 2021
Gross Revenue	**255,200,369**	239,724,057
Less: Returns	**(4,764,285)**	(4,941,196)
Net Revenue	**250,436,084**	234,782,861

All the revenue is recognized at point in time.

Segment information

The Company is engaged in one operating segment engaged in selling fast food restaurant operates completely within the Kingdom of Saudi Arabia. Accordingly, the financial information was not divided into different geographic or business segments.

22. COST OF REVENUE

	31 December 2022	31 December 2021
Food and related cost (refer to note 22.1)	**94,301,458**	87,289,313
Salaries, wages and related costs	**41,599,691**	38,309,595
Depreciation – Right-of-use assets	**13,997,434**	12,531,767
Depreciation – Property and equipment	**9,554,153**	7,824,186
Amortization- Intangible assets	**113,326**	85,582
Rent, utilities and maintenance	**10,371,203**	7,859,597
Government fees and subscriptions	**7,565,065**	6,750,258
Others	**4,623,623**	4,050,295
	182,125,953	164,700,593

22.1 Inventory consumption

	31 December 2022	31 December 2021
Inventory at the beginning of the year	**4,842,711**	4,128,946
Purchases	**95,797,587**	88,003,078
Consumption	**(94,301,458)**	(87,289,313)
Inventory at the end of the year	**6,338,840**	4,842,711

(All amounts are in Saudi Riyals unless otherwise stated)

23. SELLING EXPENSES

	31 December 2022	31 December 2021
Advertisement and marketing	**14,204,691**	13,315,011
Sales delivery fees	**22,466,241**	15,704,924
Others	**18,874**	162
	36,689,806	29,020,097

24. ADMINISTRATIVE EXPENSES

	31 December 2022	31 December 2021
Salaries, wages and related costs	**16,634,505**	15,131,968
Management remuneration	**1,648,985**	1,981,204
Government fees and subscriptions	**3,786,356**	2,744,706
Depreciation and amortization	**1,127,182**	943,958
Rent, utilities and maintenance	**782,091**	616,947
Others	**1,905,936**	1,892,684
	25,885,055	23,311,467

25. FINANCE COST

	31 December 2022	31 December 2021
Finance cost on lease liabilities	**1,402,215**	1,262,891
Finance costs on borrowings	**830,938**	269,177
	2,233,153	1,532,068

26. OTHER EXPENSES

	31 December 2022	31 December 2021
Loss on disposal of property and equipment	**984,829**	715,495

27. EARNINGS PER SHARE (EPS)

Basic and diluted EPS

The calculation of basic and diluted EPS has been based on the following profit attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding.

Profit attributable to ordinary shareholders

	31 December 2022	31 December 2021
Profit attributable to ordinary shareholders	**2,696,972**	15,367,655

Weighted-average number of ordinary shares

	31 December 2022	31 December 2021 **Restated**
Weighted-average number of ordinary shares outstanding during the year	**3,500,000**	3,500,000

Earnings per share

	31 December 2022	31 December 2021
Basic and diluted	**0.77**	4.39

(All amounts are in Saudi Riyals unless otherwise stated)

28. NON-CASH TRANSACTIONS

	Note	**31 December 2022**	31 December 2021
Transfer from assets under construction and development to property and equipment	8	**13,210,320**	12,982,562
Transfer from assets under construction and development to intangible assets	8	**182,060**	528,463
Additions to right-of-use assets	7	**16,913,787**	17,361,885
Additions to lease liabilities	16	**15,351,975**	15,500,654
Disposal of the right of use assets, net	7	**1,856,965**	2,224,668
Termination of lease liabilities	16	**1,871,678**	2,274,224
Borrowing cost capitalized as part of assets under construction	8	**380,243**	158,000

29. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

- Credit risk,
- Interest rate risk,
- Foreign exchange risk
- Other market price risk,
- Liquidity risk.

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous year unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Other receivables
- Cash and cash equivalents
- Loans and borrowings
- Trade payables
- Due to related parties

Categories of financial instruments

	31 December 2022	31 December 2021
Financial assets at amortized cost		
Other receivables	**7,045,798**	6,391,745
Cash and cash equivalents	**6,843,214**	7,886,360
Total financial assets	**13,889,012**	14,278,105
Financial liabilities at amortised cost		
Non-current:		
Loans and borrowings	**13,308,555**	15,549,930

(All amounts are in Saudi Riyals unless otherwise stated)

29. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)

Current:	31 December 2022	31 December 2021
Loans and borrowings	**10,129,791**	7,540,981
Trade payables	**22,285,664**	17,225,685
Due to related parties	**473,931**	224,194
Total financial liabilities	**46,197,941**	40,540,790

For the purpose of financial instruments by category, following items of prepayments and other receivables and trade and other payables have been considered:

Other receivables

	Note	31 December 2022	31 December 2021
Deposits	11	**355,965**	330,361
Advances against letter of guarantee	11	**1,757,468**	1,665,000
Other receivables	11	**4,932,365**	4,396,384
		7,045,798	6,391,745

Categories of financial instruments (continued)

Trade and other payables

	Note	31 December 2022	31 December 2021
Trade payables	18	**22,285,664**	17,225,685

Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, other receivables, trade and other payables and loans and borrowings. Due to the short-term nature, the carrying value of these financial instruments approximates their fair value.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority to the management for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board receives monthly reports from the Company Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date, as summarized below:

29. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)

	31 December 2022	31 December 2021
Cash at bank (note 12)	**6,224,450**	7,173,594
Other receivables (note 11)	**4,932,365**	4,396,384
Deposits (note 11)	**355,965**	330,361
Advances against letter of guarantee (note 11)	**1,757,468**	1,665,000
	13,270,248	13,565,339

Market risk

Market risk arises from the Company's use of interest bearing and tradable financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (foreign currency risk) or other market factors (other price risk).

The details related to these risks are more fully described below:

Interest rate risk

Fair value and cash flow interest rate risks are the exposures to various risk associated with the effect of fluctuations in the prevailing interest rates on the Company’s financial position and cash flows.

Management of the Company does not enter into future agreement to hedge its interest rate risk.

Foreign Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company’s transactions are principally in Saudi riyals and US dollars. Saudi Riyal is a currency which is pegged against US Dollar. Management monitors changes in currency rates and believes that currency risk is insignificant.

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments.

Following are the contractual maturities at the end of the reporting year of financial liabilities. The amounts are grossed and undiscounted, and include estimated interest payments.

		Contractual cash flow					
31 December 2022	**Carrying Amount**	**Total**	**3 months or less**	**3 to 12 Months**	**1 to2 Years**	**2 to 5 Years**	**More than 5 years**
Liabilities							
Loans and borrowings	**23,438,346**	**23,438,346**	**2,720,166**	**7,409,625**	**9,265,914**	**4,042,641**	**-**
Trade and other payables	**28,442,656**	**28,442,656**	**28,442,656**	**-**	**-**	**-**	**-**
	51,881,002	**51,881,002**	**31,162,822**	**7,409,625**	**9,265,914**	**4,042,641**	**-**

		Contractual cash flow					
31 December 2021	Carrying Amount	Total	3 months or less	3 to 12 Months	1 to2 Years	2 to 5 Years	More than 5 years
Liabilities							
Loans and borrowings	23,090,911	23,090,911	1,442,331	6,098,650	14,490,113	1,059,817	-
Trade and other payables	26,906,414	26,906,414	26,906,414	-	-	-	-
	49,997,325	49,997,325	28,348,745	6,098,650	14,490,113	1,059,817	-

29. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)

Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed and the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

To provide an adequate return to shareholders.

Fair value and fair value hierarchy

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

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

The principal or the most advantageous market must be accessible by the 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 considers a market participant's ability to generate economic benefits from the asset’s highest and best use or by selling it to another market participant that would utilize 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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Company has not disclosed the fair value for financial instruments such as short-term other receivables, trade and other payables and cash and bank balances, loans and borrowing and lease liabilities because their carrying amounts are a reasonable approximation of fair values largely because of short term maturity of these instruments.

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 current when it is:

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

A liability is current when:

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

(All amounts are in Saudi Riyals unless otherwise stated)

30. RECLASSFICATION

Comparative figure as mentioned below has been reclassified to conform with classification used for the year ended 31 December 2022.

From	To	31 December 2021
Cost of revenue (Sales delivery fees)	Selling expense (Sales delivery fees)	**4,117,092**

31. SUBSEQUENT EVENTS

There are no subsequent events after the year-end until the date of approval of these financial statements, which require disclosure or adjustment in these financial statements.

32. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements have been approved by the board of directors on 22 March 2023 corresponding to Sha‘ban 30, 1444 AH.