

HERFY FOOD SERVICES COMPANY
(A Saudi Joint Stock Company)

CONDENSED INTERIM FINANCIAL STATEMENTS
AND REVIEW REPORT
FOR THE THREE-MONTH AND SIX-MONTH PERIODS
ENDED JUNE 30, 2025

**HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2025**

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Review report on the condensed interim financial statements

To the Shareholders of Herfy Food Services Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Herfy Food Services Company (the “Company”) as at June 30, 2025 and the related condensed interim statement of comprehensive income for the three-month and six-month periods then ended, and the related condensed interim statements of changes in equity and cash flows for the six-month period then ended and other explanatory notes (the “condensed interim financial statements”). The Board of Directors are responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 - “Interim Financial Reporting” (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity”, as endorsed in the Kingdom of Saudi Arabia. A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

Adel F. Alqantani
License Number 614

11 August 2025

HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2025
(All amounts in Saudi Riyals unless otherwise stated)

	Note	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	724,124,705	761,348,456
Right-of-use assets	7	463,569,504	501,185,681
Net investments in finance lease		4,064,260	4,322,850
Intangible assets		8,384,770	9,631,437
Investment properties	8	149,450,410	151,796,197
Other non-current assets		2,447,483	2,447,483
Total non-current assets		1,352,041,132	1,430,732,104
Current assets			
Inventories	9	116,920,205	122,864,512
Trade, other receivables and prepayments	10	191,805,945	153,611,859
Net investments in finance lease – current portion		692,937	789,354
Cash and cash equivalents		14,113,757	9,622,497
Total current assets		323,532,844	286,888,222
TOTAL ASSETS		1,675,573,976	1,717,620,326
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	646,800,000	646,800,000
Retained earnings		260,493,840	278,190,749
Total equity		907,293,840	924,990,749
LIABILITIES			
Non-current liabilities			
Lease liabilities	7	423,644,574	453,657,727
Employees' defined benefits liabilities		73,227,284	77,760,767
Total non-current liabilities		496,871,858	531,418,494
Current liabilities			
Lease liabilities – current portion	7	57,370,356	68,507,435
Trade and other payables	12	209,043,795	182,306,607
Zakat payable	13	4,994,127	10,397,041
Total current liabilities		271,408,278	261,211,083
TOTAL LIABILITIES		768,280,136	792,629,577
TOTAL EQUITY AND LIABILITIES		1,675,573,976	1,717,620,326

The accompanying notes 1 to 18 form part of these condensed interim financial statements.



The authorized member of
the Board of Directors

Chief Executive Officer

Director of Finance

HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2025
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Three-month period ended June 30,		Six-month period ended June 30,	
		2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
Revenue		284,559,331	301,121,310	553,109,861	590,163,608
Cost of revenue		(208,125,582)	(235,587,829)	(415,278,336)	(452,525,755)
Gross profit		76,433,749	65,533,481	137,831,525	137,637,853
Selling and distribution expenses		(54,603,059)	(53,947,058)	(105,135,095)	(105,430,672)
General and administrative expenses		(16,291,841)	(19,992,142)	(33,652,188)	(35,256,152)
(Provision) / Reversal of impairment loss on non- financial assets		-	-	(2,127,413)	777,181
(Provision) / Reversal of impairment on financial assets		(207,615)	-	(1,906,753)	489,615
Other income, net		3,890,722	3,879,529	4,654,618	6,656,498
Operating Profit/(loss)		9,221,956	(4,526,190)	(335,306)	4,874,323
Finance cost		(7,922,022)	(8,775,152)	(16,111,603)	(17,577,421)
Net Profit/(loss) before zakat		1,299,934	(13,301,342)	(16,446,909)	(12,703,098)
Zakat	13	(400,000)	(10,396,573)	(1,250,000)	(10,546,573)
Net Profit/(loss) for the period		899,934	(23,697,915)	(17,696,909)	(23,249,671)
Other comprehensive income for the period		-	-	-	-
Total comprehensive Profit/(loss) for the period		899,934	(23,697,915)	(17,696,909)	(23,249,671)
Earnings per share (SR)	15				
Basic and diluted earnings per share attributable to the equity shareholders of the Company		0.01	(0.37)	(0.27)	(0.36)
Weighted average number of shares		64,680,000	64,680,000	64,680,000	64,680,000

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Director of Finance

HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025
(All amounts in Saudi Riyals unless otherwise stated)

<u>For the Six-month period ended June 30, 2024</u>	Share capital	Retained earnings	Total equity
Balance as at January 1, 2024 (Audited)	646,800,000	386,677,112	1,033,477,112
Net loss for the period	-	(23,249,671)	(23,249,671)
Other comprehensive income for the period	-	-	-
Total comprehensive loss for the period	-	(23,249,671)	(23,249,671)
Balance as at June 30, 2024 (Unaudited)	646,800,000	363,427,441	1,010,227,441
<u>For the Six-month period ended June 30, 2025</u>	Share capital	Retained earnings	Total equity
Balance as at January 1, 2025 (Audited)	646,800,000	278,190,749	924,990,749
Net loss for the period	-	(17,696,909)	(17,696,909)
Other comprehensive income for the period	-	-	-
Total comprehensive loss for the period	-	(17,696,909)	(17,696,909)
Balance as at June 30, 2025 (Unaudited)	646,800,000	260,493,840	907,293,840

The accompanying notes 1 to 18 form part of these condensed interim financial statements.


The authorized member of
the Board of Directors


Chief Executive Officer


Director of Finance

HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the Six-month period ended (Unaudited)	
		June 30, 2025	June 30, 2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss before zakat		(16,446,909)	(12,703,098)
Adjustments for:			
Depreciation on property, plant and equipment	6	39,913,617	40,567,499
Depreciation on right-of-use assets	7	42,207,873	39,972,792
Depreciation on investment property	8	2,341,588	2,372,128
Amortization of intangible assets		1,296,667	1,523,941
Provision/(Reversal) of impairment loss on non-financial assets	6	2,127,413	(777,181)
Provision/(Reversal) of provision for financial assets	10	1,906,753	(489,615)
Provision for slow-moving inventory	9	-	(400,000)
Provision for employees' defined benefits liabilities		4,858,788	7,670,653
Loss/(Gain) on disposal of property, plant and equipment		913,931	(402,746)
Interest income		(97,494)	(114,575)
(Gain)/Loss from termination of lease agreement		(716,135)	148,856
Finance cost		16,111,603	17,577,421
Movement in working capital			
Inventories		5,944,307	14,039,651
Trade, other receivables and prepayments		(40,100,839)	(11,975,683)
Trade and other payables		26,737,188	(3,047,920)
Cash generated from operating activities		86,998,351	93,962,123
Zakat paid	13	(6,652,914)	(4,681,281)
Employees' post-employment benefits paid		(9,392,271)	(9,011,458)
Net cash generated from operating activities		70,953,166	80,269,384
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets		(50,000)	(897,000)
Purchase of property, plant and equipment	6	(5,955,140)	(10,568,906)
Ancillary finance lease income received		452,501	532,500
Proceeds from the sale of property, plant and equipment		228,129	747,806
Other non-current assets		-	38,141
Net cash used in investing activities		(5,324,510)	(10,147,459)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings		-	15,000,000
Repayment of short-term borrowings		-	(25,455,704)
Principal elements of lease payments	7	(45,025,793)	(42,743,744)
Finance cost paid on lease liabilities	7	(16,111,603)	(17,227,457)
Net cash used in financing activities		(61,137,396)	(70,426,905)
Net change in cash and cash equivalents		4,491,260	(304,980)
Cash and cash equivalents at beginning of the period		9,622,497	15,109,162
Cash and cash equivalents at end of the period		14,113,757	14,804,182
Supplement information on non-cash items:			
Additions to right of use assets and lease obligation	7	6,866,081	21,145,852
Disposal to right of use assets	7	2,274,385	994,253
Disposal to lease obligation	7	2,990,520	845,397

The accompanying notes 1 to 18 form part of these condensed interim financial statements.



The authorized member of
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Chief Executive Officer



Director of Finance

HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2025
(All amounts in Saudi Riyals unless otherwise stated)

1 Legal status and operations

Herfy Food Services Company ("the Company") is a Saudi Joint-Stock Company formed under the laws of the Kingdom of Saudi Arabia and registered under the commercial register under No. 1010037702 on 04 Jamad-ul-Awal 1401H (corresponding to March 09, 1981).

The Company is engaged in establishing and operating restaurants, providing companies and others with cooked meals, production and sale of bakery and pastry products, the sale and purchase of lands for the purpose of constructing building and own use, maintaining, and leases stores and food store fridges.

During 2005, the Company established a meat factory in Riyadh ("Meat Factory"). which operates under commercial registration number 1010200515 issued on Jamad -ul-Thani 16, 1425 (August 2, 2004) and in accordance with industrial license number 249/S issued on Safar 16, 1422H (May 9, 2001). The Meat factory commenced production in October 2005.

During 2012, the Company established a cake factory in Riyadh ("Cake Factory"), which operates under commercial registration number 1010294755 issued on Shawwal 20, 1431 H (March 29, 2010) and in accordance with industrial license number 11583/T issued on Shawwal 18, 1431 H (March 27, 2010). The cake factory commenced production in June 2012.

As at June 30, 2025, the total number of restaurants owned and leased by the Company were 41 owned and 334 leased respectively (December 31, 2024: 40 owned and 342 leased), operating in the Kingdom of Saudi Arabia under the trademark of "HERFY". The Company also operates bakeries and bakery shops "Herfy Bakeries / Doka".

The accompanying condensed interim financial statements include the accounts of the Company's head office and aforementioned restaurants, bakeries, shops and factories.

The ultimate parent and the controlling party of the Company is Savola Group Company.

The Company's Head Office is located at the following address: Herfy Food Services Company, Al Moroug District, P.O. Box 86958, Riyadh 11632, Kingdom of Saudi Arabia

The Company has the following branches:

S. No	Branch	C.R. No.	Date
1	Herfy Meat Processing Factory	1010200515	16/06/1425 H
2	Herfy Factory For Cake & Pasties	1010294755	20/10/1431 H

2 Basis of preparation

2.1 Statement of compliance

These condensed interim financial statements of the Company as at and for the three-month and six-month periods ended June 30, 2025 have been prepared in accordance with International Accounting Standard 34 – "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IAS-34 as endorsed in KSA").

The results for the three-month and six-month periods ended June 30, 2025 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2025. These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's financial statements for the year ended December 31, 2024.

2.2 Basis of measurement

These condensed interim financial statements are prepared under the historical cost method except for employees' post-employment benefits are recognized at the present value of future obligations using the Projected Unit Credit Method.

2.3 Functional and presentation currency

These condensed interim financial statements are presented in Saudi Riyals ("SR") which is the Company's functional and presentation currency. All financial information presented in Saudi Riyals has been rounded to the nearest Saudi Riyal, unless otherwise mentioned.

**HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2025**
(All amounts in Saudi Riyals unless otherwise stated)

3 Significant accounting judgements, estimates, and assumptions

In preparing these interim condensed financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual audited financial statements for the year ended December 31, 2024, except of the following:

3.1 Significant accounting judgments in applying the entity's accounting policies

Judgment related to the impairment of the Sudair factory work in progress amounting to SR 35.7 million on leased land from The Saudi Authority for Industrial Cities and Technology Zones "Modon"

A number of interrelated accounting judgements have been made in respect of the Sudair factory building as set out below.

Derecognition:

The Company has constructed a factory building on land leased from Modon but has not yet brought it into service. On April 1, 2024, Herfy received an official letter from Modon requesting an explanation for the delay in commencing operations at the factory, which represented a breach of the lease agreement, and asking for an approved plan and timeline to bring the factory into use to avoid termination of the contract and reclamation of the land together with the building constructed on it if the breach was not rectified. Modon sent a follow up second notice on 2 May 2024, stating that this will be the final notice before taking any action. The Company did not respond to either of these notices. On March 27, 2025, Modon informed Herfy of its decision to take over the land within 30 days due to the continued lack of operations at the site and the lack of response to the previous letters. The Company would have no right to object or claim any compensation after the 30-day period from the date of the March 27, 2025 letter. Modon reserved the right to claim compensation for any losses, damages, or expenses incurred due to the breach of contract, and that Herfy would be responsible for paying all rents due until the date of actual receipt of the land by Modon. On April 20, 2025, Herfy requested a three-month grace period to submit a corrective plan, which Modon approved on April 29, 2025. By July 1, 2025, Herfy had not able to deliver a corrective plan to Modon and requested Modon to give an additional grace period with a follow up letter to Modon. On July 28, 2025 Modon approved an additional grace period until October 1, 2025. As the lease was not ultimately terminated, it remains in the Company's control to come back into compliance with the terms of the lease, so the Company has not derecognized the lease or the factory constructed on the leased land. The right to use the land remains in effect and the Company continues to control the factory building. However, should the Company fail to meet its obligations to Modon under the lease contract it could lose the rights to the land and the building standing on that land carried at SR 35.7 million in these financial statements. The Company has performed an impairment assessment as of June 30, 2025 and no impairment charges required.

Classification:

By the June 30, 2025 reporting date, the Company was not committed to a plan to sell the asset so it did not represent an asset held for sale under IFRS 5. Equally, no actions were taken to evidence a change in use of the asset and as such it remains classified as property, plant and equipment.

HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2025
(All amounts in Saudi Riyals unless otherwise stated)

4 Consistent application of accounting policies

The accounting policies and methods used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the annual audited financial statements for the year ended December 31, 2024 and corresponding interim reporting period except for the new accounting policies introduced as adoption of the following amendments to IFRS which became applicable for annual reporting periods commencing on or after January 1, 2025. The management has assessed that the amendments have no significant impact on the Company's condensed interim financial statements.

New standards, interpretations and amendments adopted by the Company

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after January 1, 2025:

- Amendments to IAS 21 Lack of Exchangeability (Issued on August 15, 2023 and effective for annual periods beginning on or after January 1, 2025).

The standards and amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted by the Company

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for June 30, 2025 reporting periods and have not been early adopted by the Company.

- Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (issued on May 30, 2024 and effective for annual periods beginning on or after January 1, 2026).
- IFRS 18 Presentation and Disclosure in Financial Statements (Issued on April 9, 2024 and effective for annual periods beginning on or after January 1, 2027).
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (Issued on May 9, 2024 and effective for annual periods beginning on or after January 1, 2027).

The management is in the process of assessing the impact of these standards, amendments or interpretations on future periods and on foreseeable future transactions.

5 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 and are at arm's length. Outstanding balances at the period ended June 30, 2025, and the year ended December 31, 2024 are unsecured, interest free and settled in cash. For the year ended December 31, 2024, no such impairment was recorded for the period ended June 30, 2025 and the year ended December 31, 2024. This assessment is undertaken each financial reporting period by examining the financial position of the related party and the market in which the related party operates.

Significant transactions and balances with related parties other than those disclosed elsewhere in the condensed interim financial statements, are as follows:

Transactions during the six-months period ended June 30 (Unaudited)

- *Transactions with the subsidiaries of the ultimate parent company*

Names of related parties	Nature of transactions	2025	2024
	Sales to PRC	10,882,127	8,150,889
Panda Retail Company (PRC)	Rent charged by PRC to the Company on short-term lease	(1,236,132)	(1,037,841)
Afia International Company	Purchases from Afia International Company	(10,775,771)	(10,517,021)
United Sugar Factory	Purchases from United Sugar Factory	(1,397,789)	(2,376,034)
International Food Industries Company	Purchases from International Food Industries Company	(3,467,998)	(3,505,200)

HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2025
(All amounts in Saudi Riyals unless otherwise stated)

5 Related party transactions and balances (continued)

Transactions during the six-months period ended June 30 (Unaudited) (continued)

- Transactions with the entities owned by a major shareholder and close family members*

Names of related parties	Nature of transactions	2025	2024
Bazbazah Int Company	Rent charged by Bazbazah Int Company on short-term lease	(142,500)	(142,500)
	Rent charged to Bazbazah Int Company on short-term lease	120,000	123,584
	Lease payments during the period	(205,000)	-
Taza Restaurant Company Limited	Sales to Taza Restaurant Company Limited	108,786	121,006
El Mazaq El Amsal Company	Rent charged to El Mazaq El Amsal Company	175,000	175,000
Qitaf Company	Rent charged to the Company on short-term leases	(875,000)	(875,000)
	Lease payments during the period	(800,000)	(800,000)

- Transactions with a shareholder*

Names of related parties	Nature of transactions	2025	2024
Mr. Ahmed Al Saeed	Rent charged by the shareholder to the Company on short-term leases	-	(125,000)

- Transactions with the previous board member*

Names of related parties	Nature of transactions	2025	2024
Mr. Khalid Al Saeed	Rent charged by the previous board member to the Company on short-term leases	-	(125,000)

- Transactions with the associate of the ultimate parent company*

Names of related parties	Nature of transactions	2025	2024
Kinan Company	Rent charged by Kinan Company on short-term leases	(58,419)	(50,548)

- Transactions with board member*

Names of related parties	Nature of transactions	2025	2024
Al Marai Company	Purchases from Al Marai Company	(2,084,163)	(703,063)

Balances for the period / year ended – Due from related parties

- Balance with the subsidiary of the ultimate parent company*

Names of related party	Classification	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Panda Retail Company	Trade, other receivables, and prepayments	9,324,814	7,544,842

HERFY FOOD SERVICES COMPANY
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(All amounts in Saudi Riyals unless otherwise stated)

5 Related party transactions and balances (continued)

Balances for the period / year ended – Due from related parties (continued)

- Balances with the entities owned by a major shareholder and close family members*

Names of related parties	Classification	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Taza Restaurant Company Limited	Trade, other receivables, and prepayments	35,742	68,210
Double Coffee Company	Trade, other receivables, and prepayments	33,042	33,042
Green Leave Company	Trade, other receivables, and prepayments	32,062	32,062
Meslan Investment Company	Trade, other receivables, and prepayments	31,671	31,671
El Mazaq El Amsal Company	Trade, other receivables, and prepayments	1,499,908	1,487,040
Bazbazah International Trading Company	Trade, other receivables, and prepayments	116,446	116,446
	Net investment in finance lease	75,886	75,886

- Balance with a shareholder*

Names of related party	Classification	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Mr. Ahmed Al Saeed	Trade, other receivables, and prepayments	310,824	310,824
General Organization for Social Insurance (GOSI)	Trade, other receivables, and prepayments	-	65,705

- Balance with the previous board member*

Names of related party	Classification	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Mr. Khalid Al Saeed	Trade, other receivables, and prepayments	202,521	202,521

Balances for the period / year ended – Due to related parties

- Balance with the subsidiaries of the ultimate parent company directly and indirectly*

Names of related party	Classification	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Panda Retail company (PRC) – directly	Lease liabilities – current	1,272,929	1,420,954
	Lease liabilities – non-current	3,166,009	3,317,983
Afia International Company – indirectly	Trade and other payables	867,434	2,340,387
International Food Industrial Company – indirectly	Trade and other payables	1,214,458	442,980
United Sugar Factory – indirectly	Trade and other payables	151,763	266,206

- Balances with the shareholders*

Names of related party	Classification	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
General Organization for Social Insurance (GOSI)	Lease liabilities – current	-	211,623
	Lease liabilities – non-current	-	907,158

HERFY FOOD SERVICES COMPANY
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2025
(All amounts in Saudi Riyals unless otherwise stated)

5 Related party transactions and balances (continued)

Balances for the period / year ended – Due to related parties (continued)

- Balances with the entities owned by a major shareholder and close family members

Names of related parties	Classification	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Bazbazah International trading Company	Lease liabilities – current	599,457	726,938
	Lease liabilities – non-current	4,383,007	4,460,526
	Trade and other payables	-	393,000
Qitaf Company	Lease liabilities – current	1,044,585	971,277
	Lease liabilities – non-current	11,102,444	11,975,752

- Balances with board member

Names of related parties	Classification	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Al Marai Company	Trade and other payables	267,249	789,318

Remuneration of the Company's key management personnel in the Company

The Board and Key Management personnel are the members of the Board of Directors, the Managing Director and senior executives with authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Their total remuneration:

For the Board of Directors of the Company for Six-month period ended June 30, 2025, amounted to SR 2.2 million Saudi riyals (June 30, 2024: 2.3 million Saudi riyals).

For the Company's key Management Personnel Six -month period ended June 30, 2025 amounted to SR 2.7 million Saudi riyals (June 30, 2024: SR 6.8 million).

This remuneration includes basic salaries, bonuses and other benefits in accordance with Company policy

6 Property, plant and equipment

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Net book value at the beginning of the period / year	761,348,456	831,436,142
Additions during the period / year	5,955,140	17,857,026
Disposals during the period / year	(1,142,060)	(1,774,219)
Transfer to investment properties during the period / year	-	(2,937,541)
Transfer from investment properties during the period / year	4,199	-
Depreciation for the period / year	(39,913,617)	(83,549,169)
(Provision)/reversal of impairment loss for the period / year	(2,127,413)	316,217
Net book value at the end of the period / year	724,124,705	761,348,456

7 Right-of-use assets and lease liabilities

7.1 Right-of-use assets

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
At the beginning of the period / year	501,185,681	549,162,923
Additions during the period / year	6,866,081	41,295,855
Disposal during the period / year	(2,274,385)	(5,772,712)
Depreciation for the period / year	(42,207,873)	(83,500,385)
At the end of the period / year	463,569,504	501,185,681

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7 Right-of-use assets and lease liabilities (continued)

7.2 Lease liabilities

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
At the beginning of the period / year	522,165,162	562,661,056
Additions during the period / year	6,866,081	41,295,855
Disposal during the year	(2,990,520)	(6,848,250)
Finance cost for the period / year	16,111,603	34,693,200
Lease payment during the period / year	(61,137,396)	(109,636,699)
	481,014,930	522,165,162
Current portion	57,370,356	68,507,435
Non-current portion	423,644,574	453,657,727

8 Investment properties

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Net book value at the beginning of the period / year	151,796,197	153,629,044
Transfers from property plant and equipment for the period / year *	-	2,937,541
Transfers to property plant and equipment for the period / year *	(4,199)	-
Depreciation for the period / year	(2,341,588)	(4,770,388)
Net book value at the end of the period / year	149,450,410	151,796,197

* During 2024, A net amount of SR 2.9 million was reclassified from project under constructions under property, plant and equipment to investment properties due to the change in management intention. In 2025 an amount of SR 4 thousand was transferred from investment properties to property, plant and equipment due to the change in management intention.

9 Inventories

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Raw materials	46,156,591	47,482,991
Finished goods	21,020,310	23,207,400
Packing materials	17,551,232	16,195,574
Spare parts, not held for sale and to be consumed within one year	26,497,459	26,864,414
Operational supplies	23,014,397	26,433,917
	134,239,989	140,184,296
Less: provision for slow moving inventory	9.1 (17,319,784)	(17,319,784)
	116,920,205	122,864,512

9.1 Movement in provision for slow moving inventory is as follows:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Balance at the beginning of the period / year	17,319,784	17,674,205
Reversal during the period / year	-	105,238
Write off during the year	-	(459,659)
Balance at the end of the period / year	17,319,784	17,319,784

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10 Trade, other receivable and prepayments

		June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
	Note		
Trade receivables – external parties		123,242,941	98,674,711
Less: provision for expected credit losses on external parties	10.1	(31,716,283)	(29,809,530)
Trade receivables from external parties, net		91,526,658	68,865,181
Trade receivables – related parties	5	11,587,030	9,892,363
Less: provision for expected credit losses on related parties	10.2	(578,058)	(578,058)
Trade receivables – related parties		11,008,972	9,314,305
Trade receivables, net		102,535,630	78,179,486
Prepayments		34,741,493	29,866,052
Advance for investment	10.3	-	-
Advances to suppliers		48,339,394	41,948,867
Other receivable		6,189,428	3,617,454
		191,805,945	153,611,859

10.1 Movement in allowance for impairments of trade receivables is as follows:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Balance at the beginning of the period / year	29,809,530	17,352,093
Provided during the year	1,906,753	12,457,437
Balance at the end of the period / year	31,716,283	29,809,530

10.2 Movement in provision for related parties provision is as follows:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Balance at the beginning of the period / year	578,058	578,058
Provided during the period / year	-	-
Balance at the end of the period / year	578,058	578,058

10.3 Advance for investment

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Advance for investment	4,000,000	4,000,000
Less: Provision for impairment	(4,000,000)	(4,000,000)
	-	-

This represents amount paid to Khaled Al Saeed, a related party for the partnership agreement related to an investment in land units dated January 16, 2005 for the purpose of utilizing it as a warehouse. Based on the Board of Director's decision on July 14, 2014, an initial provision of SR 2 million was booked representing the estimated decline in the value of the investment. On the recommendation of Audit Committee on May 24, 2015 to implement the Board's decision in its meeting on July 14, 2014 that given the potential decline in the value of investment with increased probability of failure in recovery, the amount has been fully provided for.

11 Share capital

Share Capital

The Company's paid-up capital consists of 64,680 million shares as of June 30, 2025 (December 31, 2024: 64,680 million shares) of SR 10 each.

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12 Trade and other payables

		June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
	Note		
Trade payable – related parties	5	2,500,904	4,231,891
Trade payable – third parties		110,433,637	105,153,935
Accrued expenses		69,845,382	59,169,196
Advance rental and rebates		12,526,662	3,322,421
Other payables		13,737,210	10,429,164
		209,043,795	182,306,607

13 Provision for zakat

The movement in the provision for zakat is as follows:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Balance at the beginning of the period / year	10,397,041	2,379,467
Provided during the period / year	1,250,000	7,108,000
Adjustment for prior periods	-	7,837,616
Payment during the period / year	(6,652,914)	(6,928,042)
Balance at the end of the period / year	4,994,127	10,397,041

13.1 Status of assessments

Zakat return for the year ended December 31, 2024 has been filed and the invoice issued as per system of Zakat, Tax and Customs Authority ("ZATCA") was settled during the period ended June 30, 2025.

The Company has completed all zakat settlements for the period from 2014 to 2023. As of the end of the period ending on June 30, 2025, the Company has paid all zakat differences in full.

Currently, there are no assessments rendered by ZATCA for the years 2008 – 2013.

The Company has obtained a certificate from ZATCA valid until Dhu al-Qi'dah 13, 1447H corresponding to April 30, 2026.

14 Contingencies and commitments

14.1 Contingencies

The Company does not have any contingent liabilities as at June 30, 2025 and December 31, 2024.

14.2 Commitments

The capital expenditure committed by the Company but not incurred till June 30, 2025 SR 10.7 million (December 31, 2024: SR 8.8 million).

14.3 Bank guarantees

The Company is liable for the bank guarantees issued in the normal course of business amounting to SR 6.7 million as at June 30, 2025 (December 31, 2024: SR 9.6 million) and letters of credit issued in the normal course of business amounting to SR 0.05 million as at June 30, 2025 (December 31, 2024: SR 1.34 million).

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15 Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	For the three-month period ended June 30, 2025 (Unaudited)	For the three- month period ended June 30, 2024 (Unaudited)	For the Six- month period ended June 30, 2025 (Unaudited)	For the Six- month period ended June 30, 2024 (Unaudited)
Net Profit/(loss) profit for the period	899,934	(23,697,915)	(17,696,909)	(23,249,671)
Weighted average number of ordinary shares for the purpose of basic / diluted earnings	64,680,000	64,680,000	64,680,000	64,680,000
Earnings / (loss) per share (SR)				
– Basic	0.01	(0.37)	(0.27)	(0.36)
– Diluted	0.01	(0.37)	(0.27)	(0.36)

Earnings per share for the period was calculated by dividing the net profit for the period with the weighted average number of ordinary shares.

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16 Segment information

The Company operates principally in the following major business segments:

- 1 Restaurants – providing catering services, operating of restaurants and renting out investment properties;
- 2 Meat factory - manufacturing and selling of meat products from the Meat Factory; and
- 3 Bakeries - manufacturing and selling of pastries and bakery products from the bakeries.

These operating segments are identified based on internal reports that the entity's Chief Executive Decision Maker regularly reviews in allocating resources to segments and assessing their performance 'management approach'. The management approach is based on the way in which management organizes the segments within the entity for making operating decisions and in assessing performance. The management of the Company at the end of every reporting period, review the above segments for quantitative threshold as well as criteria for presenting the revenues and expenses for the segments.

16.1 Selected financial information for the three-months and six-months periods ended June 30, 2025, and June 30, 2024, summarized by the above business segments, was as follows: (in thousand Saudi Riyal)

For the Three-month period ended June 30 (Unaudited)	Restaurants and catering		Meat factory		Bakeries and other		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Total segment revenue	226,459	237,803	49,723	48,873	40,199	44,880	316,381	331,556
Inter-segment revenue	-	-	(27,394)	(27,117)	(4,427)	(3,318)	(31,821)	(30,435)
Net revenue (external)	226,459	237,803	22,329	21,756	35,772	41,562	284,560	301,121
Net segment profit / (loss) for the period	(9,198)	(36,375)	11,225	14,737	(1,127)	(2,060)	900	(23,698)

For the Six-month period ended June 30 (Unaudited)	Restaurants and catering		Meat factory		Bakeries and other		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Total segment revenue	439,033	458,763	99,748	98,401	77,308	93,422	616,089	650,586
Inter-segment revenue	-	-	(54,494)	(53,516)	(8,485)	(6,906)	(62,979)	(60,422)
Net revenue (external)	439,033	458,763	45,254	44,885	68,823	86,516	553,110	590,164
Net segment loss for the period	(34,799)	(50,870)	22,369	28,238	(5,267)	(618)	(17,697)	(23,250)

	Restaurants and catering		Meat factory		Bakeries and other		Total	
	30 June 2025 (Unaudited)	31 December 2024 (Audited)	30 June 2025 (Unaudited)	31 December 2024 (Audited)	30 June 2025 (Unaudited)	31 December 2024 (Audited)	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Total assets	1,344,745	1,381,002	82,860	92,720	247,969	243,898	1,675,574	1,717,620
Total liabilities	682,035	715,307	26,865	22,468	59,380	54,855	768,280	792,630

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17 Subsequent events

In the opinion of management, there have been no significant subsequent events that may require adjustments or disclosures in the condensed interim consolidated financial statements.

18 Approval of the Condensed Interim Financial Statements

These condensed interim financial statements were approved and authorized for issue on 5 August 2025 by the Board of Directors of the Company.