

AL-SAIF STORES FOR DEVELOPMENT AND INVESTMENT COMPANY
(A Saudi Joint Stock Company)

**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S
REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL SAIF STORES FOR DEVELOPMENT AND INVESTMENT COMPANY
A SAUDI JOINT STOCK COMPANY

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RIYADH, KINGDOM OF SAUDI ARABIA

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Al Saif Stores for Development and Investment Company (the "Company") and its subsidiaries (together "the Group") as at 31 December 2023, 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 issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

We have audited the consolidated financial statements of the Group, which comprise of the following:

- The consolidated statement of financial position as at 31 December 2023;
- The consolidated statement of comprehensive income for the year then ended;
- The consolidated statement of changes in equity for the year then ended;
- The consolidated statement of cash flows for the year then ended, and;
- The notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

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 Consolidated Financial Statements* section of our report. We are independent from the Group 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 consolidated financial statements and we have fulfilled our other 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 MATTERS

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

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL SAIF STORES FOR DEVELOPMENT AND INVESTMENT COMPANY
A SAUDI JOINT STOCK COMPANY

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RIYADH, KINGDOM OF SAUDI ARABIA

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

KEY AUDIT MATTERS

Key Audit Matters	How our audit addressed the key audit matter
Revenue Recognition	
<p>With reference to the accounting policy relating to the revenue recognition, the Group's revenues for the year ended 31 December 2023 amounted to SR 719.8 million (2022: 739.1 million).</p> <p>Revenue is a key indicator of performance measurement, resulting in inherent risks in the revenue recognition process through revenue overstatements.</p> <p>Revenue is recognized when services are provided to customer.</p> <p>Due to the inherent risks in the revenue recognition process and the significance of revenue value, revenue recognition of products and services was considered as a key audit matter.</p>	<p>We have performed the following procedures:</p> <ul style="list-style-type: none"> Assessment of the appropriateness of the Group's revenue recognition policy based on IFRS 15 "Revenue from contracts with customers". Performing a test of a sample of recorded revenue transactions and compared them with supporting documents to verify the existence of recorded revenue. Evaluation of the design and implementation and operating effectiveness of key controls in relation to the recognition of revenue; Perform substantive analytical procedure to evaluate the reasonableness of the amount of revenue as per the consolidated financial statements. Inquired from the management representatives regarding fraud awareness and the existence of any actual fraud cases. Assessing the appropriateness of the disclosures made in the consolidated financial statements.

OTHER INFORMATION

Other information consists of the information included in the Group's 2023 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL SAIF STORES FOR DEVELOPMENT AND INVESTMENT COMPANY
A SAUDI JOINT STOCK COMPANY

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RIYADH, KINGDOM OF SAUDI ARABIA

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA and Regulations for Companies and the Company's Bylaws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the 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 Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL SAIF STORES FOR DEVELOPMENT AND INVESTMENT COMPANY
A SAUDI JOINT STOCK COMPANY

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RIYADH, KINGDOM OF SAUDI ARABIA

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- ❑ 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 the management.
- ❑ Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group's to cease to continue as a going concern.
- ❑ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL SAIF STORES FOR DEVELOPMENT AND INVESTMENT COMPANY
A SAUDI JOINT STOCK COMPANY

(5 /5)

RIYADH, KINGDOM OF SAUDI ARABIA

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 Al Bassam & Co.



Ahmed A. Mohandis
Certified Public Accountant
License No. 477
Riyadh: 26 Shabaan 1445H
Corresponding to: 07 March 2024



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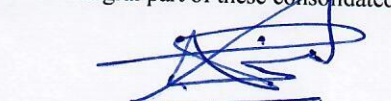
AI-SAIF STORES FOR DEVELOPMENT AND INVESTMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)


CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023
(All amounts in Saudi Riyals unless otherwise stated)

	Note	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Property and equipment, net	6	214,905,828	161,546,131
Right-of-use assets, net	7	223,820,941	127,882,760
Intangible assets, net	8	1,482,863	1,609,397
Total non-current assets		440,209,632	291,038,288
Current assets			
Inventories, net	9	409,614,447	239,069,305
Trade and other receivables, net	10	12,355,978	5,927,366
Prepayments and other receivables	11	54,653,723	34,653,762
Due from related party	5	-	35,000,000
Cash and cash equivalents	12	24,148,671	46,891,478
Total current assets		500,772,819	361,541,911
Total assets		940,982,451	652,580,199
Equity			
Share capital	13	350,000,000	350,000,000
Additional capital contribution		156,431	156,431
Statutory reserve	14	5,100	25,579,456
Retained earnings		52,391,171	35,370,082
Total equity		402,552,702	411,105,969
Liabilities			
Non-current liabilities			
Long-term lease liabilities	7	198,796,371	112,169,873
Provision for employees' benefits	15	10,473,016	8,391,000
Total non-current liabilities		209,269,387	120,560,873
Current liabilities			
Short-term lease liabilities	7	26,157,938	18,227,306
Short term loan	16	230,659,116	53,652
Trade payables	17	40,413,691	19,649,447
Due to related parties	5	7,451,431	24,905,711
Accruals and other payables	18	19,898,041	15,331,166
Dividends payable	19	34,875	35,000,000
Zakat provision	20	4,545,270	7,746,075
Total current liabilities		329,160,362	120,913,357
Total liabilities		538,429,749	241,474,230
Total equity and liabilities		940,982,451	652,580,199
Contingencies and commitments	21		

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.


Muhammad bin Suleiman bin
Muhammad Alsaif
CEO


Suleiman bin Muhammad bin
Saleh Alsaif
Chairman



Motaz Al Ashqar
Acting CFO

AI-SAIF STORES FOR DEVELOPMENT AND INVESTMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)


CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023
(All amounts in Saudi Riyals unless otherwise stated)

	Note	31 December 2023	31 December 2022
Revenue	22	719,780,100	739,107,713
Cost of revenue		(509,355,911)	(532,849,991)
Gross profit		210,424,189	206,257,722
Selling and distribution expenses	23	(59,152,563)	(47,128,924)
General and administrative expenses	24	(31,388,378)	(28,086,166)
Finance costs	25	(11,838,866)	(8,032,487)
Depreciation on right-of-use assets	7	(25,751,181)	(18,435,450)
Operating profit		82,293,201	104,574,695
Other income	26	19,954,055	34,547,977
Gain / (loss) on sale of financial assets at FVTPL	27	484,750	(1,610,865)
Net profit for the year before zakat		102,732,006	137,511,807
Zakat expense	20	(4,545,270)	(7,746,075)
Net profit for the year		98,186,736	129,765,732
Other comprehensive (loss) / income			
Items that will not be reclassified to profit or loss in subsequent periods			
Actuarial (loss) / gain on re-measurement of employees' benefits obligations	15	(1,740,003)	201,598
		(1,740,003)	201,598
Total comprehensive income for the year		96,446,733	129,967,330
Basic and diluted earnings per share (Saudi Riyals) – (Restated)			
	28	0.28	0.37

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.


Muhammad bin Suleiman bin
Muhammad Alsaif
CEO


Suleiman bin Muhammad bin Saleh
Alsaif
Chairman


Motaz Al Ashqar
Acting CFO

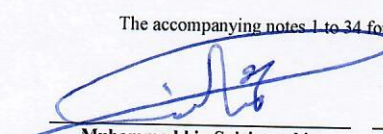
AL-SAIF STORES FOR DEVELOPMENT AND INVESTMENT COMPANY
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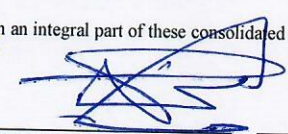
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023


(All amounts in Saudi Riyals unless otherwise stated)

	Note	Share capital	Additional capital contribution	Statutory reserve	Retained earnings	Total
Balance as of 1 January 2022		42,000,000	156,431	12,600,000	326,382,208	381,138,639
Net profit for the year		-	-	-	129,765,732	129,765,732
Other comprehensive income		-	-	-	201,598	201,598
Total comprehensive income		-	-	-	129,967,330	129,967,330
Addition in share capital		308,000,000	-	-	(308,000,000)	-
Statutory reserve		-	-	12,979,456	(12,979,456)	-
Dividends	19	-	-	-	(100,000,000)	(100,000,000)
Balance as at 31 December 2022		350,000,000	156,431	25,579,456	35,370,082	411,105,969
Balance as of 1 January 2023		350,000,000	156,431	25,579,456	35,370,082	411,105,969
Net profit for the year		-	-	-	98,186,736	98,186,736
Other comprehensive loss		-	-	-	(1,740,003)	(1,740,003)
Total comprehensive income		-	-	-	96,446,733	96,446,733
Transfer from statutory reserve	14	-	-	(25,579,456)	25,579,456	-
Statutory reserve		-	-	5,100	(5,100)	-
Dividends	19	-	-	-	(105,000,000)	(105,000,000)
Balance as at 31 December 2023		350,000,000	156,431	5,100	52,391,171	402,552,702

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.


Muhammad bin Suleiman bin Muhammad Alsaif
 CEO


Suleiman bin Muhammad bin Saleh Alsaif
 Chairman


Motaz Al Ashqar
 Acting CFO


AI-SAIF STORES FOR DEVELOPMENT AND INVESTMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023


(All amounts in Saudi Riyals unless otherwise stated)

		For the year ended 31 December	
	Note	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit for the year before zakat		102,732,006	137,511,807
Adjustments for:			
Depreciation of property and equipment	6	16,950,777	14,913,279
Depreciation of right-of-use assets	7	25,751,181	18,435,450
Amortization of intangible	8	329,617	68,464
(Gain) / loss on sale of financial assets at FVTPL	27	(484,750)	1,610,865
Provision for end-of-service benefits	15	1,398,016	1,280,000
Provision for doubtful debts	10	376,576	-
Gain on disposal of property and equipment	26	-	(16,575,982)
Finance costs	25	11,838,866	8,032,487
Prior year adjustment of zakat	20	-	520,999
		158,892,289	165,797,369
Changes in operating assets and liabilities:			
Trade receivables, net		(6,805,188)	(618,656)
Inventories, net		(170,545,142)	19,184,184
Prepayments and other receivables		(19,999,961)	2,433,585
Due from related party		35,000,000	(35,000,000)
Trade payables		20,764,246	(1,590,086)
Due to related parties		(17,454,280)	24,905,711
Advance from customers		-	(1,505,563)
Accruals and other payables		606,875	(3,760,904)
Employees' benefits paid	15	458,839	169,845,640
Zakat paid	20	(1,452,003)	(440,402)
Net cash flows (used in) / generated from operating activities		(8,739,239)	162,877,159
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property and equipment		-	35,000,000
Addition of property and equipment	6	(70,310,474)	(52,674,509)
Addition of intangible assets	8	(203,083)	(1,677,861)
Purchase of financial assets at FVTPL	27	(55,000,000)	(248,051,797)
Proceeds from sale of financial assets FVTPL	27	55,484,750	246,440,932
Net cash flows used in investing activities		(70,028,807)	(20,963,235)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	19	(139,965,125)	(65,000,000)
Finance cost paid		-	(1,803,447)
Proceeds from short-term loans	16	232,131,235	103,054,896
Repayments of short-term loans	16	(1,525,771)	(155,628,220)
Lease liabilities paid	7	(34,615,100)	(22,350,045)
Net cash flows generated from / (used in) financing activities		56,025,239	(141,726,816)
Net change in cash and cash equivalents		(22,742,807)	187,108
Cash and cash equivalents at beginning of year	12	46,891,478	46,704,370
Cash and cash equivalents at end of the year	12	24,148,671	46,891,478
The non-cash transactions:			
Transferred from retained earnings to share capital		-	308,000,000
Transfer of statutory reserve to retained earnings	14	25,579,456	-
Increase in right of use assets and lease liabilities	7	121,689,362	24,876,376

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements


Muhammad bin Suleiman bin
Muhammad Alsaif
CEO


Suleiman bin Muhammad
bin Saleh Alsaif
Chairman


Motaz Al Ashqar
Acting CFO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(All amounts in Saudi Riyals unless otherwise stated)

1. THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS ACTIVITIES

Al Saif Stores for Development and Investment Company ("the Company") and its subsidiaries (together "the Group") is a Saudi Joint-Stock Company which was established in accordance with the Companies Law in the Kingdom of Saudi Arabia under Commercial Registration no. 1010111193 issued in Riyadh on 18 Dhu al-Hijjah 1413H corresponding to 09 September 1993. The Company was converted from a limited liability company to a closed joint stock company on 23 Muharram 1436H corresponding to 16 November 2014 as per the approval of the Ministry of Commerce and Industry No. 322 /s. During the period, on 07 Muharram 1445H corresponding to 25 July 2023 as per the approval of the Capital Market Authority (CMA), the status of the Company has been changed to Joint Stock Company.

The principle activity of the Group is the sale and import of household utensils, wholesale and retail trade in household utensils, electrical appliances, cleaning supplies, general contracting activity, construction, repair, restoration and demolition of buildings and public construction of road works, water and sewage works, dams, drilling wells, maintenance and operation of electrical, mechanical and electronic installations, landscaping and blacksmithing, carpentry, aluminum, decoration, gypsum, decoration, maintenance and cleaning works, management and operation of cities, utilities, buildings and public and private facilities, buying and owning real estate and lands to construct buildings on them.

As at 31 December 2023, the total number of branches leased by the Group were 70 (31 December 2022: 61), operating in the Kingdom of Saudi Arabia, United Arab Emirates, Kuwait and Sultanate of Oman under the trademark of "Al Saif Gallery".

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The Group manages business through the following subsidiaries:

Name of subsidiaries	Location	% of shareholding	
		31 December 2023	31 December 2022
Al Saif Gallery Trading	UAE	100%	100%
Al Saif Gallery Kuwait	Kuwait	100%	100%
Al Saif Gallery Oman	Oman	100%	-

The head office of the Group is located at P.O. Box 10448, Riyadh 11626, Kingdom of Saudi Arabia.

The following are the branches of the Group:

C.R. Name	C.R No.	City
Branch of Al-Saif Stores Development and Investment Company	1010214481	Riyadh
Branch of Al-Saif Stores Development and Investment Company	2511020642	Hafar Al-Batin
Branch of Al-Saif Stores Development and Investment Company	3400017715	Skaka
Al-Saif Household Utensils, Branch of Al-Saif Stores Development and Investment Company	5855064177	Khamis Mushait
Branch of Al-Saif Stores Development and Investment Company	5950028436	Najran
Branch of Al-Saif Stores Development and Investment Company	2052002131	Dhahran
Al-Saif Gallery Trading, Branch of Al-Saif Stores Development and Investment Company	5900029071	Jazan
Al-Saif Gallery for Household Utensils, Branch of Al-Saif Stores Development and Investment Company	4031088383	Makkah
Branch of Al-Saif Stores Development and Investment Company	3350038998	Hail
Al-Saif Gallery Trading, Branch of Al-Saif Stores Development and Investment Company	5851008216	Bisha
Branch of Al-Saif Stores Development and Investment Company	2050089147	Dammam
Branch of Al-Saif Stores Development and Investment Company	2251051049	Hofuf
Branch of Al-Saif Stores Development and Investment Company	1011023345	Kharj

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**
(All amounts in Saudi Riyals unless otherwise stated)

1. THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS ACTIVITIES

The following are the branches of the Group (Continued):

Al-Saif Gallery Trading, Branch of Al-Saif Stores Development and Investment Company	4032047578	Taif
Al-Saif Gallery Trading CO., Branch of Al-Saif Stores Development and Investment Company	4650078386	Medina
Branch of Al-Saif Stores Development and Investment Company	1131050364	Buraydah
Branch of Al-Saif Stores Development and Investment Company	3550035969	Tabuk
Branch of Al-Saif Stores Development and Investment Company	1011023345	Kharj
Al-Saif Gallery Trading, Branch of Al-Saif Stores Development and Investment Company	4032047578	Taif
Al-Saif Gallery Trading CO., Branch of Al-Saif Stores Development and Investment Company	4650078386	Medina
Branch of Al-Saif Stores Development and Investment Company	1131050364	Buraydah
Al-Saif Gallery Trading, Branch of Al-Saif Stores Development and Investment Company	4030280833	Jedda
Branch of Al-Saif Stores Development and Investment Company	5850069251	Abha
Branch of Al-Saif Stores Development and Investment Company	2057009162	Khafji
Al-Saif Gallery Trading, Branch of Al-Saif Stores Development and Investment Company	4700020176	yanbu
Al-Saif Hall for household utensils, Branch of Al-Saif Stores Development and Investment Company	1010245983	Riyadh
Al-Saif Gallery Trading, Branch of Al-Saif Stores Development and Investment Company	1132011128	Alrass
Al-Saif Gallery Trading, Branch of Al-Saif Stores Development and Investment Company	2055122895	Jubail
Branch of Al-Saif Stores Development and Investment Company	1010183788	Riyadh
Branch of Al-Saif Stores Development and Investment Company	1128181636	Unaizah
Branch of Al-Saif Stores Development and Investment Company	5800103809	Albaha
Al-Saif Stores Development and Investment Company	1116623206	Dawadmi
Al-Saif Gallery Trading	5860612372	Mahayel
Branch of Al-Saif Stores Development and Investment Company	1010283196	Aseer
Branch of Al-Saif Stores Development and Investment Company	1010664452	Riyadh
Branch of Al-Saif Stores Development and Investment Company	1010672622	Riyadh
Branch of Al-Saif Stores Development and Investment Company	2051232518	khobar
Suleiman Mohammad Al-Saif Gallery for household utensils, branch of Al-Saif Stores Company for Development and Investment	4031088373	Makkah
Branch of Al-Saif Stores Development and Investment Company	3450178614	Arar
Branch of Al-Saif Stores Development and Investment Company	2050089147	Qatif
Branch of Al-Saif Stores Development and Investment Company	4031088383	Al qonfoza
Branch of Al-Saif Stores Development and Investment Company	5900029071	Sabya
Branch of Al-Saif Stores Development and Investment Company	1010664452	Warehouse
Al Saif Gallery Trading – Abu Dhabi	4605329	Abu Dhabi
Al Saif Gallery Trading -Ajman	201819494	Ajman
Al Saif Gallery Kuwait	468654	Kuwait
Al Saif for Development and Investment	1515501	Oman

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

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2. BASIS OF PREPARATION (CONTINUED)

2.2 BASIS OF MASUREMENT

These consolidated financial statements are prepared under the historical cost method except for the following:

- a) Investments that are measured at fair value; and
- b) Employees' post-employment benefits recognized at the present value of future obligations using the Projected Unit Credit Method.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Saudi Riyals (SR) which is the functional and presentation currency.

2.4 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- Has the power over the investee
- Is exposed, or has rights, to variable returns from its involvement with the investee
- Has the ability to use its power to affect its returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the parent company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- Potential voting rights held by the Company, other vote holders or other parties
- Rights arising from other contractual arrangements
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated on consolidation.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the parent company.

When the group loses control of a subsidiary, the gain or loss on disposal recognized in profit or loss is calculated as the difference between

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and
- (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 "Financial Instruments" when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

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2. BASIS OF PREPARATION (CONTINUED)

2.5. NEW STANDARDS, AMENDED STANDARDS AND INTERPRETATIONS

Amendments

A number of new amendments to standards, enlisted below, are effective this year but they do not have a material effect on the Group's Consolidated Financial Statements, except for where referenced below.

New amendments to standards issued and applied effective in the year 2023

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 9 (Amendments to IFRS 4)	Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	January 1, 2023	The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.
IFRS 17	Insurance Contracts and its amendments	January 1, 2023	This is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. Once effective, IFRS 17 (along with its subsequent amendments) will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005.
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	January 1, 2023	This amendment deals with assisting entities to decide which accounting policies to disclose in their financial statements.
IAS 8	Amendment to the definition of accounting estimate	January 1, 2023	These amendments regarding the definition of accounting estimates help entities to distinguish between accounting policies and accounting estimates.
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023	These amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences
IAS 12	International tax reform (pillar two model rules)	January 1, 2023	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organization for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

New standards, amendments, and revised IFRS issued but not yet effective

The Group has not applied the following new and revised IFRSs and amendments to IFRS that have been issued but are not yet effective.

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IAS 1	Classification of liabilities as current or non-current	January 1, 2024	The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right, and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of liability would not impact its classification.

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2. BASIS OF PREPARATION (CONTINUED)

2.5. NEW STANDARDS, AMENDED STANDARDS AND INTERPRETATIONS (CONTINUED)

New standards, amendments, and revised IFRS issued but not yet effective (continued)

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 16	Leases on sale and leaseback	January 1, 2024	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. These amendments require to add disclosure requirements to enhance transparency of supplier finance arrangements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.
IAS 7 and IFRS 7	Supplier finance arrangements	January 1, 2024	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.
IAS 21	Lack of Exchangeability	January 1, 2025	

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

3. USE OF ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses stated in the consolidated financial statements and the accompanying notes. Although these estimates are based on the best information available to management, final actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

Provision for obsolete and slow-moving inventories

The management makes a provision for slow moving and obsolete inventory items. Estimates of net recoverable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring on or subsequent to the consolidated statement of financial position date to the extent that such events confirm conditions existing at the end of year.

Provision for zakat

Management has assessed the zakat position having regard to the local zakat legislation, decrees issued periodically and conventions. Interpretation of such legislation decrees and conventions are not always clear and entail completion of assessment by the Zakat, Tax and Customs Authority ("ZATCA").

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3. USE OF ESTIMATES AND JUDGMENTS (CONTINUED)

Useful lives of property and equipment and intangibles

As described in note 4, the Group estimates the useful lives of property and equipment and intangibles at the end of each annual reporting period. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates.

Actuarial valuation of employees' post-employment benefits

The cost of the post-employment benefits ("employee benefits") under the defined benefit plan is determined using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and rate of employee turnover. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed on an annual basis or more frequently, if required.

Determination of discount rate for present value calculations

Discount rate represents the current market assessment of the risks specific to the Group, taking into consideration the tenure of the agreement and the individual risks of the underlying assets. The discount rate calculation is based on the specific circumstances of the Group.

Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements are prepared on the going concern basis.

Impairment of financial assets

The implementation of business model approach under IFRS 9 requires judgement to ensure that financial assets of the Group are classified in to the appropriate category. Deciding whether the classified categories will require assessment of contractual provisions that do or may change the timing or amount of the contractual cash flows. Objective evidence may exist in circumstances in which a counterparty has been placed in bankruptcy or has failed on the repayments of principal and interest. In other circumstances, the Group uses judgment in order to determine whether a financial asset may be impaired using Expected Credit Loss ("ECL") model. The Group uses judgement in order to determine whether an impairment can be reversed, an assumption in doing so might be an improvement in the debtor's credit rating or receipt of payments due. In addition, the Group also make judgments in deciding whether the measurement of expected credit loss reflect reasonable and supportable information that is available without undue cost or effort that include historical, current, and forecast information.

4. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

4.1 PROPERTY AND EQUIPMENT

Property and equipment are measured at cost, less accumulated depreciation and accumulated impairment loss, if any. Cost includes expenditure that is directly attributable to the acquisition of an asset. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditures are recognized in profit or loss when incurred.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of individual item of property and equipment. The estimated useful lives of assets will be depreciated as follows:

	<u>Depreciation rate</u>
Buildings	3-7%
Leasehold improvements	5-10% / or contract term, whichever is shorter
Vehicles	25%
Furniture and office equipment	10%
Decorations	5-50%
Computers and office equipment	20%

Depreciation methods, useful lives and residual values are reviewed at each reporting period and are adjusted whenever appropriate as changes in accounting estimate in the year where the change take place and the following years.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.1 PROPERTY AND EQUIPMENT (CONTINUED)

Capital work in progress

Capital work in progress are recognized at cost. This cost includes all direct expenses and other costs attributable to bringing the assets to working condition for their intended use. Projects in progress are transferred to property and equipment when completed and ready for their intended use.

4.2 INTANGIBLE ASSETS

Items of intangibles are measured at cost less accumulated amortization and any accumulated impairment losses. If significant parts of an item of intangibles have different useful lives, then they are accounted for as separate items (major components) of intangibles. Any gain or loss on disposal of an item of intangibles is recognized in profit or loss. Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Amortization is calculated to write off the cost of items of intangible less their estimated residual values using the straight line method over the estimated useful lives, and is recognized in profit and loss. The estimated useful lives are as follows:

Asset	Life (years)
Software	5

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

4.3 IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, asset's recoverable amount is estimated.

For impairment testing, assets are combined together into the smallest group of assets that generates cash inflows from continuing use, namely CGU, that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using discount rate that reflects current market assessments of the time value of cash and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. The impairment losses are recognized in profit or loss.

4.4 LEASES

The Group as lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, for a period of time, the Group shall assess whether, throughout the period of use, the customer has both of the following:

- (a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
- (b) the right to direct the use of the identified asset.

The Group shall recognize a right-of-use asset at the commencement date (i.e. the date on which the underlying asset is available for use) and a lease liability at the commencement date. The right-of-use asset is initially measured at cost less accumulated depreciation and impairment and is settled for any remeasurement of a lease liability. The cost of right-of-use asset includes the initial amount of a lease liability adjusted by lease payments made on or before the commencement date, and any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received. The estimated useful life for right-of-use asset based on the lease term.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.4. LEASES (CONTINUED)

The Group as lessee (continued)

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The Group shall discount lease payments using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be easily determined, the Group should use the incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

Short term lease contracts

The Group elected not to recognize right-of-use assets and lease liabilities for the short-term leases for which their terms are 12 months or less or leases of low-value assets. The Group recognizes lease payments associated with those leases as expenses on a straight-line basis over the lease term.

Extension options

In case of leases that provide extension options, the Group assesses whether if it is reasonably certain, at commencement date, that the extension options will be exercised. The Group reassesses whether it is reasonably certain to exercise the options if there was a significant event or major change in the circumstances that fall under its control.

The Group as lessor

When the Group is a lessor, it determines, at the commencement of the lease, whether the lease is a finance lease or operating lease.

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

The initial measurement in case of finance leases: the lessor shall use the interest rate implicit in the lease to measure the net investment in the lease.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.4. LEASES (CONTINUED)

The Group as lessor (continued)

At the commencement date, the lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date:

- (a) Fixed payments;
- (b) Variable lease payments that depend on an index or a rate;
- (c) Any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee; and
- (d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option.

Upon subsequent measurement, a lessor shall recognize finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

The initial measurement in case of operating leases: A lessor shall recognize lease payments from operating leases as income on either a straight-line basis or another systematic basis. The lessor shall apply another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

Upon subsequent measurement, a lessor shall apply IAS 36 to determine whether an underlying asset subject to an operating lease is impaired and to account for any impairment loss identified.

When the Group is an intermediate lessor, it calculates its interest in the head lease and sublease separately. Classification of the sublease is assessed by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. If the head lease is a short-term lease, the Group applies exemption, the sublease shall be classified as an operating lease.

If the arrangement includes lease and non-lease components, the Group shall allocate the consideration in the contract by applying IFRS 15 for allocation the consideration in the contract.

4.5 INVENTORIES

Inventories are measured at the lower of cost or net realizable value. Cost is determined using the weighted average method. Cost includes expenditure incurred in acquiring the inventories, goods costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value comprises selling price in the ordinary form of business, less costs related to completing the sale. Provision is made, where necessary, for obsolete, slow moving and defective stocks.

4.6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and cash in current accounts with banks and other short-term highly liquid investments with maturities of three months or less (if any), which are available to the Group without any restrictions.

4.7 FINANCIAL INSTRUMENTS

Classification and measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Classification and measurement of financial assets and financial liabilities

A financial asset is measured at amortized cost if it meets both of the following conditions and is not classified at FVTPL.

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

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.7. FINANCIAL INSTRUMENTS (CONTINUED)

Classification and measurement of financial assets and financial liabilities (continued)

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets (unless they are trade receivables without a significant financing component that is initially measured at the transaction price) are initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

The financial assets at amortized cost consist of trade receivables and cash and cash equivalents.

Loss provisions are measured on the bases of ECLs over lifetime of a financial instrument: these are ECLs that result from all possible default events over the expected life of a financial instrument. The Group measures loss provisions at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all value shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

For receivables, the Group applies the simplified approach to estimate ECLs.

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4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.7 FINANCIAL INSTRUMENTS (CONTINUED)

Impaired financial assets

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

Presentation of impairment

Loss provisions for financial assets are deducted from the gross carrying amount of the assets.

Impairment losses related to trade receivables, if any, are presented in the consolidated statement of profit or loss under a separate item.

Financial liabilities:

Financial liabilities are classified as measured at amortized cost or FVTPL. The financial liabilities are classified at FVTPL if they are classified as held-for-trading, they are derivative, or they are designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition of financial assets

A financial asset (or part of a group of similar financial assets) is primarily derecognized (i.e., excluded from the Group's consolidated statement of financial position) in the following cases:

-The rights to receive cash flows from the asset have been expired.

-The Group has transferred its rights to receive cash flows from the asset or assumed an obligation to pay cash flows received in full without delay to a third party under a "pass" arrangement; (a) substantially transferred all the risks and rewards of the asset; or (b) transferred control over the asset and the Group has neither transferred nor retained substantially the risks and rewards of the financial asset.

Hedge accounting

IFRS 9 hedge accounting requirements do not apply to the Group since it does not have any hedging contracts.

The adoption of IFRS 9 as at 1 January 2020 did not have any material impact on the Group's consolidated financial statements.

4.8 OFFSETTING

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

4.9 PROVISION FOR EMPLOYEE BENEFIT'S

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare, child education allowance, furniture allowance that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled.

Employees' post-employment benefits

The liability or asset recognized in the statement of financial position in respect of defined benefit. The plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

Defined benefit costs are categorized as follows:

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4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.9. PROVISION FOR EMPLOYEE BENEFITS (CONTINUED)

Service cost

Service costs include current service cost and past service cost are recognized immediately in the statement of profit or loss. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit or loss as past service costs.

Interest cost

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefits expense in the statement of profit or loss.

Re-measurement gains or losses

Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

4.10 SEGMENT REPORTING

An operating segment is a part of the Group's business activities from which revenue can be recognized and expenses are incurred and includes income and expenses relating to transactions with any of the other components of the Group. All operational results of the operating segments are reviewed by the Group's operating decision makers to make decisions about the resources to be allocated to the segment and to assess its performance, which have separate financial information.

4.11 EARNINGS PER SHARE

The Group presents basic and diluted earnings per share data for its ordinary shares. Earnings per share from operating profit and net profit is calculated by dividing the profit or loss attributable to the Group's ordinary shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

4.12 CONTINGENT ASSET AND LIABILITIES

A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events or where the amount of obligations cannot be measured with reasonable reliability. Contingent assets are not recognized, but are disclosed where an inflow of economic benefits is probable

4.13 BORROWINGS

Borrowings are recognized at the proceeds received less transaction costs incurred net of interests and upfront fee and presented netting of the principle amount of the loan, and such interest and commission are amortized over the life of the loan using the effective interest rate method. Borrowing costs that are directly attributable to the construction of a qualifying asset are capitalized up to stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed and, otherwise, such costs are charged to the consolidated statement of profit or loss.

4.14 PROVISIONS

A provision is recognized if, as a result of a past event, the Group has a present (legal or constructive) obligation that can be estimated reliably, and it is probable that an out flow of economic benefits will be required to settle the obligation.

4.15 TRADE PAYABLES AND ACCRUALS

Liabilities are recognized for amounts due and to be paid in the future for goods or services received, whether billed by the supplier or not.

4.16 ZAKAT

The Company is subject to Zakat as per the regulations of Zakat, Tax and Customs Authority (ZATCA). Accrued Zakat is recognized and charged to profit or loss for the current year. Additional Zakat liabilities, if any, related to prior years' assessments are calculated by the Company in the period in which the final assessments are finalized.

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4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.17 REVENUE RECOGNITION

The Group recognizes revenue under IFRS 15 using the following five- steps model:

Step 1: Identify the contract with the customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price.	The transaction price is the amount of consideration the Group expects to be entitled to in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocation of transaction price.	For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Revenue recognition	The Group recognizes revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

Identify the contract with the customer.

The Group carefully evaluates the terms and conditions of the contracts with its customers because revenue is recognized only when performance obligations in contracts with customers are satisfied. A change in the scope or price (or both) of a contract is considered as a contract modification and the Group determines whether this creates a new contract or whether it will be accounted for as part of the existing contract.

Identifying performance obligations

Once the Group has identified the contract with a customer, it evaluates the contractual terms and its customary business practices to identify all the promised services within the contract and determine which of those promised services (or bundles of promised services) will be treated as separate performance obligations.

Identify the transaction price

The Group determines transaction price as the amount which it expects to be entitled. It includes an estimate of any variable consideration, the effect of a significant financing component (i.e., the time value of money), the fair value of any non-cash consideration and the effect of any consideration paid or payable to a customer (if any). Variable considerations are limited to the amount for which it is highly probable that a significant reversal will not occur when the uncertainties related to the variability are resolved.

Allocation of transaction price

Once the performance obligations have been identified and the transaction price has been determined, transaction price is allocated to the performance obligations, generally in proportion to their stand-alone selling prices (i.e., on a relative stand-alone selling price basis). When determining stand-alone selling prices, the Group is required to use observable information, if any. If stand-alone selling prices are not directly observable, the Group makes estimates based on information that is reasonably available.

Revenue is recognized only when the Group satisfies a performance obligation by transferring control to the customer. Control may be transferred over time or at a point in time. Where a performance obligation is satisfied overtime, the Group identifies the progress under the contract based on either of an input or output method which best measures the performance completed to date. The method selected is applied consistently to similar performance obligations and in similar circumstances.

The Group believes that it fulfills its performance obligations in its contracts with customers at a point in time, and hence it recognizes revenue as and when it fulfills its obligations under contracts with customers. The Company is engaged in the sale and import of household utensils and wholesale and retail trade in household utensils through its various outlets located in different regions of the Kingdom of Saudi Arabia, United Arab Emirates and Kuwait. Revenue from the sale of goods is recognized when the Group sells a product to the customer.

Other revenue is recorded in consolidated statement of profit or loss when matured.

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4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.18 COST OF REVENUE

The cost of revenue incurred during the year comprises the costs of purchasing goods that are ready for sale, wages and salaries of galleries staff, depreciation of property and equipment, warehouse and galleries rental expenses, packing and packaging expenses, and good shipping and unloading expenses.

4.19 EXPENSES

Selling and distribution expenses are those arising from the Group's efforts underlying the selling and distribution functions. All other expenses, excluding cost of sales and financial costs, are classified as general and administrative expenses. Allocations of common expenses between cost of sales and selling and distribution, and general and administrative expenses, when required, are made on a consistent basis.

4.20 FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currencies are translated to Saudi Riyals at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the financial position date are translated to Saudi Riyals at the foreign exchange rate ruling at that date. Gains or losses arising on exchanges are recognized in profit or loss.

4.21 DIVIDENDS

Dividends are recorded in the consolidated financial statements in the period in which they are approved by the shareholders of the Company.

4.22. FOREIGN OPERATIONS

As at the reporting date, the assets and liabilities of the subsidiaries are translated into Saudi Riyal (SAR), at the rate of exchange ruling at the consolidated statement of financial position date and their consolidated statements of profit or loss are translated at the average exchange rates for the year. Components of equity, other than retained earnings, are translated at the rate ruling at the date of occurrence of each component. Translation adjustments in respect of these components of equity are recorded through consolidated statement of other comprehensive income as a separate component of equity.

4.23. CURRENT VS NON-CURRENT CLASSIFICATION

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

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in 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 period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- The Group classifies all other liabilities as non-current.

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5. RELATED PARTIES

The related parties are the Shareholders of the Group and the Companies owned by the shareholders (associated companies). The terms of these transactions are approved by the Group's management.

The following are the most important transactions with related parties and the balances resulting from them:

Description	Relationship	Nature of transactions	31 December 2023	31 December 2022
Nawat Real Estate Investment Company	Affiliate	Rent expense & expense on behalf of Sale of land and building in Tabuk	24,580,738	7,360,213
			-	35,000,000
Suleiman Muhammad Salih Al-Saif	Shareholder	Expenses paid on behalf of the shareholder	1,868,908	13,542,802
Al-Saif Coffee Trading Company	Affiliate	Purchases	1,990,646	2,196,883
Al-Saif Commercial Agencies Company	Affiliate	Purchases	4,269,760	59,718,833
Al-Saif Plus Company	Affiliate	Purchases	5,990,470	-

Balances as at

Due from related party	31 December 2023	31 December 2022
Nawat Real Estate Investment Company	-	35,000,000
	-	35,000,000
Due to related parties	31 December 2023	31 December 2022
Al-Saif Commercial Agencies Company	-	24,905,711
Nawat Real Estate Investment Company	7,451,431	-
	7,451,431	24,905,711

Remunerations of the Group's key management personnel

Key management personnel are those persons, including the Board of Directors, Managing Director, Chief Financial Officer and top executives having authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly.

The total remunerations of Group's key management personnel for the year ended 31 December 2023 amounted to SR 4,799,380 (31 December 2022: SR 3,677,631). Such remunerations include fees, basic salaries, bonuses, and other benefits as per the Group's policies.

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6. PROPERTY AND EQUIPMENT, NET

	Land	Buildings	Leasehold improvements	Vehicles	Furniture and Office equipment	Decorations	Computers and office equipment	Capital work in progress (CWIP) (**)	Total
<u>Cost:</u>									
Balance as at 01 January 2023	55,526,517	25,474,990	32,646,816	7,567,194	4,021,079	92,393,986	9,773,354	922,697	228,326,633
Additions during the year (*)	14,528,673	2,259,693	6,915,865	1,500,733	386,482	14,562,725	1,055,026	29,101,277	70,310,474
Transferred from CWIP	-	677,135	1,166,686	-	71,780	2,652,207	-	(4,567,808)	-
Balance as at 31 December 2023	70,055,190	28,411,818	40,729,367	9,067,927	4,479,341	109,608,918	10,828,380	25,456,166	298,637,107
<u>Accumulated depreciation:</u>									
Balance as at 01 January 2023	-	7,301,673	14,086,022	5,615,039	1,960,719	32,986,305	4,830,744	-	66,780,502
Depreciation for the year	-	1,467,929	3,354,061	1,037,333	458,994	9,605,721	1,026,739	-	16,950,777
Balance as at 31 December 2023	-	8,769,602	17,440,083	6,652,372	2,419,713	42,592,026	5,857,483	-	83,731,279
<u>Net book value as at:</u>									
31 December 2023	70,055,190	19,642,216	23,289,273	2,415,555	2,264,035	66,953,333	4,830,066	25,456,158	214,905,828

(*) During the year, the Group purchase two lands of square meter area of 2,620 and 1,475 in Al Taweeq district, Riyadh having land ownership document number 910214003604 and 310146001569 respectively.

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6. PROPERTY AND EQUIPMENT, NET (CONTINUED)

	Land(*)	Buildings	Leasehold improvements	Vehicles	Furniture and Office equipment	Decorations	Computers and office equipment	Capital work in progress (CWIP) (**)	Total
<u>Cost:</u>									
Balance as at 01 January 2022	36,520,761	27,975,724	29,272,726	6,183,899	3,706,729	79,642,016	8,683,313	3,408,117	195,393,285
Additions during the year	33,465,406	198,666	930,833	1,383,295	160,935	7,325,801	834,162	8,375,411	52,674,509
Transferred from CWIP	-	2,582,111	2,443,257	-	153,415	5,426,169	255,879	(10,860,831)	-
Disposals during the year (***)	(14,459,650)	(5,281,511)	-	-	-	-	-	-	(19,741,161)
Balance as at 31 December 2022	55,526,517	25,474,990	32,646,816	7,567,194	4,021,079	92,393,986	9,773,354	922,697	228,326,633
<u>Accumulated depreciation:</u>									
Balance as at 01 January 2022	-	7,085,732	11,327,193	4,577,796	1,592,310	24,667,341	3,933,994	-	53,184,366
Depreciation for the year	-	1,533,084	2,758,829	1,037,243	368,409	8,318,964	896,750	-	14,913,279
Disposals during the year (***)	-	(1,317,143)	-	-	-	-	-	-	(1,317,143)
Balance as at 31 December 2022	-	7,301,673	14,086,022	5,615,039	1,960,719	32,986,305	4,830,744	-	66,780,502
<u>Net book value as at:</u>									
31 December 2022	55,526,517	18,173,317	18,560,794	1,952,155	2,060,360	59,407,681	4,942,610	922,697	161,546,131

(**) Capital work in progress (CWIP) represents the value of the construction of buildings and branches of the Group. The remaining projects are expected to be completed in financial year 2024. The Group does not have any capital commitment related to CWIP.

(***) Disposals relates to disposal of land and building at Tabuk to Nawat Real Estate Investment Company (A Related Party) – Refer Note 5 for details.

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6. PROPERTY AND EQUIPMENT (CONTINUED)

The following table shows the breakdown of depreciation expense allocated to expenses items for the year ended:

	Note	31 December 2023	31 December 2022
Cost of revenue		16,359,757	14,400,164
General and administrative expenses	24	591,020	513,115
Total		16,950,777	14,913,279

7. RIGHT OF USE ASSET AND LEASE LIABILITIES

a) Right-of-use assets, net

	31 December 2023	31 December 2022
Balance as at 01 January	127,882,760	121,441,834
Additions during the year*	121,689,362	24,876,376
Depreciation for the year	(25,751,181)	(18,435,450)
Balance as at 31 December	223,820,941	127,882,760

*Addition relates to new branches opened during the year.

b) Lease liability:

- The movement is as follows:

Lease liabilities	31 December 2023	31 December 2022
Balance as at 01 January	130,397,179	121,881,808
Additions during the year	121,689,362	24,876,376
Interest on lease liabilities	7,482,868	5,989,040
Paid during the year	(34,615,100)	(22,350,045)
Balance as at 31 December	224,954,309	130,397,179

Lease liabilities are stated in the consolidated statement of financial position as follows:

	As at 31 December 2023	As at 31 December 2022
Current portion	26,157,938	18,227,306
Non-current portion	198,796,371	112,169,873
Total lease liabilities	224,954,309	130,397,179

The statement of profit or loss shows the following amounts relating to leases:

	Note	31 December 2023	31 December 2022
Depreciation expense for right of use assets		25,751,181	18,435,450
Interest on lease liabilities	25	7,482,868	5,989,040
Expense related to short term leases	23 & 24	33,327,715	34,018,463
Total amounts recognized in consolidated profit or loss		66,561,764	58,442,953

A discount rate ranging from 3.91% to 5.64% (2022: 3.91% to 5.64%) has been used. Various depreciation rates have been used over the life of each contract.

Maturity profile of lease liabilities:

	As at 31 December 2023	As at 31 December 2022
Less than 1 year	35,176,330	23,623,590
More than 1 year less than 5 years	115,888,104	77,005,402
5 years onwards	117,654,448	57,544,855
Total undiscounted lease liabilities	268,718,882	158,173,847
Less: finance cost	(43,764,573)	(27,776,668)
	224,954,309	130,397,179

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8. INTANGIBLE ASSETS, NET

Intangibles assets relate to computer software purchased during the year.

	31 December 2023	31 December 2022
<u>Cost:</u>		
Balance as at 01 January	1,677,861	-
Additions	203,083	1,677,861
Balance as at 31 December	<u>1,880,944</u>	<u>1,677,861</u>
<u>Accumulated amortization:</u>		
Balance as at 01 January	68,464	-
Charge for the year	329,617	68,464
Balance as at 31 December	<u>398,081</u>	<u>68,464</u>
Net book value	<u>1,482,863</u>	<u>1,609,397</u>

The amortization expense is charge to general and administrative expense.

9. INVENTORIES, NET

	31 December 2023	31 December 2022
Finished goods	384,102,193	227,536,592
Goods in transit	27,917,634	13,938,093
Provision for damaged and slow-moving goods	(2,405,380)	(2,405,380)
	<u>409,614,447</u>	<u>239,069,305</u>

The movement of the provision for damaged and slow-moving goods is as follows:

	31 December 2023	31 December 2022
Balance at beginning of the year	2,405,380	2,405,380
Charge for the year	-	-
Balance at end of the year	<u>2,405,380</u>	<u>2,405,380</u>

10. TRADE AND OTHER RECEIVABLES, NET

	31 December 2023	31 December 2022
<i><u>Financial Assets carried at amortized cost - unsecured</u></i>		
Trade and other receivables	12,784,416	5,979,228
Allowance for doubtful debt	(428,438)	(51,862)
	<u>12,355,978</u>	<u>5,927,366</u>

A summary of movements in provisions for doubtful debts is as follows:

	31 December 2023	31 December 2022
Balance at the beginning of the year	51,862	51,862
Charge for the year	376,576	-
Balance at end of the year	<u>428,438</u>	<u>51,862</u>

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11 PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2023	31 December 2022
Advances to suppliers	25,908,240	5,011,792
Prepaid expenses	13,243,970	9,504,275
Prepaid rent	10,295,603	11,902,956
Others	1,597,398	5,051,186
	51,045,211	31,470,209
<i>Financial Assets carried at amortized cost - unsecured</i>		
Letters of credit margin	2,281,890	720,118
Employee custodies and advances	1,326,622	2,463,435
	3,608,512	3,183,553
	54,653,723	34,653,762

12. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash on hand	3,841,066	1,257,709
Cash at banks - current accounts	20,307,605	45,633,769
	24,148,671	46,891,478

13 SHARE CAPITAL

During the year, the Company split the nominal value of the share from SR 10 per share to SR 1 per share and thus the number of the company's shares will become 350,000,000 shares instead of 35,000,000 shares.

The Group's Capital as on 31 December 2023 is SR 350 million (31 December 2022: SR 350 million) distributed over 350 million (31 December 2022: 35 million) shares, with a nominal value of SR 1 per share (31 December 2022: SR 10 per share).

14 STATUTORY RESERVE

During the year, the extraordinary general assembly meeting held on 22 June 2023 approved the transfer of an amount of 25.58 million Saudi riyals from the statutory reserve in the financial statements for the year ended December 31, 2023, to retained earnings, and it was decided not to avoid an annual reserve.

As for the consolidated financial statements, a statutory reserve has been formed for Al Saif Gallery Trading (UAE) in accordance with the articles of incorporation, so that no less than 5% of the net profits are provided annually to form the statutory reserve. Provision may be stopped if the statutory reserve reaches half of the capital.

15 PROVISION FOR EMPLOYEES' BENEFITS

During the year the actuarial valuations of the defined benefit obligations were carried out under the projected unit credit method.

Provision for employees' end of service benefits recognized in the consolidated statement of financial position:

	31 December 2023	31 December 2022
The present value of the defined benefit obligation	10,473,016	8,391,000
	31 December 2023	31 December 2022
Balance at beginning of the year	8,391,000	7,513,000
Current service cost	1,398,016	1,280,000
Interests on current service cost	396,000	240,000
Paid during the year	(1,452,003)	(440,402)
Loss / (gain) from re-measurement of employees' benefits obligations	1,740,003	(201,598)
Balance at the end of the year	10,473,016	8,391,000

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15 PROVISION FOR EMPLOYEES' BENEFITS (CONTINUED)

Amount recognized in the consolidated statement of profit or loss for the year ended.

	31 December 2023	31 December 2022
Service cost	1,398,016	1,280,000
Interest on current service cost	396,000	240,000
	1,794,016	1,520,000

Amount recognized in the consolidated statement of the other comprehensive income for the year ended.

	31 December 2023	31 December 2022
Actuarial gain due to change in financial assumption	354,000	1,003,000
Actuarial loss due to change in experience assumptions	(2,094,003)	(801,402)
	(1,740,003)	201,598

Following are the major assumptions used:

	31 December 2023	31 December 2022
- Number of employees	1,084	989
- Rate of change in salary (% per annum)	1%	1%
- Average age of employees (years)	34	34
- Discount rate	4.9%	4.4%
- Employee turnover (withdrawal) rates	Moderate	Moderate

The duration of the defined benefit obligation is 7 years.

Sensitivity analysis of significant actuarial assumptions:

	Change in assumption	Increase / (decrease) in present value of employee's post-employment benefit liability	
- Discount rate	+1%	9,779,000	(6.13%)
- Discount rate	-1%	11,157,000	7.09%
- Long term salary	+1%	11,179,000	7.30%
- Long term salary	-1%	9,750,000	(6.41%)
- Employee turnover rate	+1%	10,566,000	1.42%
- Employee turnover rate	-1%	10,244,000	(1.67%)

16 SHORT TERM LOAN

Murabaha entered with local banks at competitive interest rates represented in agreements to buy goods and Murabaha contracts against the following guarantees:

- Signing on a promissory note
- A letter and facilities and Murabaha agreements.
- Other financial and administrative terms and conditions.
- A joint guarantee, a fine, a performance guarantee, and a personal guarantee from one of the shareholders.

Movement of short term loan during the year

	31 December 2023	31 December 2022
Balance at the beginning of the year	53,652	52,626,976
Borrowings collected during the year	232,131,235	103,054,896
Less: payments made during the year	(1,525,771)	(155,628,220)
Balance at the end of the year	230,659,116	53,652

17. TRADE PAYABLES

Account payable includes amount payable to supplier for goods and services received during the year.

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18. ACCRUALS AND OTHER PAYABLES

	31 December 2023	31 December 2022
<i>Financial Liabilities carried at amortized cost - unsecured</i>		
Value Added Tax payable	9,032,372	6,922,763
Accrued interest	3,945,710	-
Employees vacation accrual	3,439,504	3,436,485
Accrued commission to employees	473,936	2,073,800
Ticket accrual	928,536	778,934
Other accruals	2,077,983	2,119,184
	19,898,041	15,331,166

19. DIVIDENDS

On 19 March 2023, the Extraordinary General Assembly approved distribution of cash dividends of SAR 1 per share amounting to SAR 35,000,000 for the year ended 31 December 2022.

On 6 July 2023, the Extraordinary General Assembly approved distribution of cash dividends of SAR 0.1 per share amounting to SAR 35,000,000 for the quarter ended 31 March 2023.

On 29 August 2023, the Extraordinary General Assembly approved distribution of cash dividends of SAR 0.1 per share amounting to SAR 35,000,000 for the quarter ended 30 June 2023.

On June 27, 2022 the General Assembly approved the interim dividends of SAR 65 million and paid during the year.

On December 21, 2022 the Board of Directors of the Group declared, for shareholder, dividend of SR 35 million, which is unpaid at year end.

20. ZAKAT PROVISION

a) Movement in zakat provision for the year ended:

	31 December 2023	31 December 2022
Balance at beginning of the year	7,746,075	6,007,080
Zakat charge for the year	4,545,270	7,746,075
Paid during the year	(7,746,075)	(6,528,079)
Prior year adjustment	-	520,999
Balance at the end of the year	4,545,270	7,746,075

b) Status of zakat assessment

Zakat return for the year ended 31 December 2022 has been filed and are under review with the Zakat, Tax and Customs Authority ("ZATCA"). The Group has obtained a certificate from the ZATCA valid 21 Shawwal 1445H corresponding to 30 April 2024. The Group has closed all zakat assessments up to 2018. The Group has no open assessment orders to the date of issuance of consolidated financial statements.

21. COMMITMENTS AND CONTINGENCIES

a) Contingencies

Contingencies represent open letters of credit for purchasing goods of SR 82.41 million from local banks at 31 December 2023 (2022: SR 54.1 million).

b) Commitments

There are no capital commitments made by the Group at 31 December 2023 and 31 December 2022.

22. REVENUE

	for the year ended 31 December 2023	for the year ended 31 December 2022
Revenue	719,780,100	739,107,713

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22. REVENUE (CONTINUED)

The Group's revenue of SR 674.9 million (31 December 2022: 739.1 million) and SR 44.9 million (31 December 2022: Nil) relates to business within KSA and outside KSA respectively.

All revenues are recognized at point in time.

23. SELLING AND DISTRIBUTION EXPENSES

	for the year ended 31 December 2023	for the year ended 31 December 2022
Advertisement expense	34,009,171	24,979,245
Utilities	7,408,159	8,097,433
Bank charges	4,327,792	3,143,880
Government related expenses	2,669,678	2,169,164
Rent expenses	1,450,354	1,217,502
Travel and accommodation expense	658,707	468,746
Repair and maintenance expenses	562,061	819,737
Others	8,066,641	6,233,217
	59,152,563	47,128,924

24. GENERAL AND ADMINISTRATIVE EXPENSES

	for the year ended 31 December 2023	for the year ended 31 December 2022
Wages and salaries	18,339,848	16,632,076
Rent expense	3,633,315	3,956,008
Travel and accommodation expense	1,629,357	552,747
Computer, office equipment and publications	1,135,513	652,818
Temporary labor wages	932,354	673,145
Legal and professional	724,452	705,813
Depreciation of property and equipment (note 6)	591,020	513,115
Telecommunication	352,414	398,745
Amortization of intangible assets (note 8)	329,617	68,464
Utilities	153,891	205,155
Others	3,566,597	3,728,080
	31,388,378	28,086,166

25. FINANCE COSTS

	For the year ended 31 December 2023	For the year ended 31 December 2022
Interest on the lease liabilities (note 7)	7,482,868	5,989,040
Finance cost on short term loan	3,959,998	1,803,447
Interest on the provision for employee benefit (note 16)	396,000	240,000
	11,838,866	8,032,487

26. OTHER INCOME AND EXPENSES

	For the year ended 31 December 2023	For the year ended 31 December 2022
Marketing support and exhibition spaces income	10,430,179	10,500,863
Rental income	3,116,768	4,333,137
Gain on disposal of property and equipment	-	16,575,982
Others	6,407,108	3,137,995
	19,954,055	34,547,977

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27. GAIN / (LOSS) ON SALE OF FINANCIAL ASSETS AT FVTPL

	31 December 2023	31 December 2022
Balance as at 1 January	-	-
Additions during the year	55,000,000	248,051,797
Disposals during the year	(55,484,750)	(246,440,932)
Gain / (loss) on sale of financial assets at FVTPL	484,750	(1,610,865)
Balance as at 31 December	-	-

28. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the period with revised number of shares following the change in nominal value per share from SR 10 to SR 1 per share and prior comparatives have been restated accordingly. Diluted earnings per share is the same as basic earnings per share since the Group does not have any diluted instruments.

Number of shares has been calculated using the weighted average number of shares outstanding during the year.

	31 December 2023	31 December 2022 (Restated)
Net profit for the year	98,186,737	129,765,732
Weighted average number of shares	350,000,000	350,000,000
Earnings per share (SR)	0.28	0.37

29. FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities consist of trade payables, lease liabilities, due to related parties, loans and other payables.

The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as cash and cash equivalents, trade and other receivables and due from related parties which arise directly from its operations, and employees' loans and advances.

The Group is exposed to market risk, credit risk, liquidity risk and operational risk. The Group's senior management oversees the management of these risks. The Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group's policies and risk appetite. The management reviews and agrees policies for managing each of these risks which are summarized below.

a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise of four types of risk: interest rate risk, currency risk, profit rate risk and price risk such as equity price risk.

- Interest rate risk

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. Management monitors the changes in interest rates risks i.e. SAIBOR and believes that interest rate risks to the Group are not significant as all such facilities are on short term basis.

- Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group is subject to currency risk on purchases. The majority of the Group's transactions are denominated in Saudi Riyals and US Dollars which have a fixed exchange rate. Therefore, they are not considered to represent a significant risk to the Group. The Group exposure to foreign currency risk is primarily limited to transactions in Arab Emirates Dirham ("AED"), Kuwaiti Dinar (KWD) and Omani Riyal (OMR). The Group is not exposed to foreign currency fluctuation risk arising from the AED and OMR as this is pegged to USD.

Sensitivity analysis relating to currency risk is not presented as the currency risk relating to Kuwaiti Dinar is not significant to the Group.

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29. FINANCIAL RISK MANAGEMENT (CONTINUED)

a) Market risk (continued)

- Profit rate risk

The Group's financial assets and liabilities subject to profit rate risk are not considered to represent a significant risk to the Group.

- Equity price risk

Equity price risk is the risk of changes in the fair value of equity securities as the result of changes in value of individual shares. During the year, the Group has quoted investments carried at FVTPL where the impact of changes in equity prices will be reflected due to fair value changes, on disposal or when they are deemed to be impaired. Changes in fair value and impairment losses or losses arising on disposal are recognized in profit or loss. As at 31 December 2023, the Group has no investment in equity securities subject to equity price risk.

b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to financial loss. The Group is not exposed to credit risk from its operating activities (primarily for trade receivables). The Group has no significant concentration of credit risk. Cash is placed with local banks having sound credit ratings.

All financial assets of the Group are categorized at amortized cost. The maximum exposure to credit risk at year end is the carrying amount of the financial assets as set out below:

	As at 31 December 2023	As at 31 December 2022
Cash at Bank	20,307,605	45,533,769
Trade receivables	12,355,978	5,927,366
Due from related party	-	35,000,000
Other receivables	3,608,512	3,183,553
	36,272,095	98,063,962

The carrying amount of financial assets represents the maximum credit exposure Credit risk on receivable and bank balances is limited as:

- Cash balances are held with banks with sound credit ratings of A+ to BBB+.
- The receivables are shown net of allowance for impairment of trade receivables and sales returns.
- Financial position of related parties is stable.

The Group manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures.

The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables on an ongoing basis, the receivable balances are monitored with the result that the Group's exposure to bad debts is not significant.

The aging analysis of these trade and other receivables is as follows:

**31 December
2023**

	<u>0 – 90 days</u>	<u>91 – 180 days</u>	<u>181-270 days</u>	<u>271-365 days</u>	<u>Above 365 days</u>	<u>Total</u>
Trade receivables	7,849,815	2,433,952	1,221,802	58,937	1,219,910	12,784,416
Less: ECL allowance	-	-	-	-	(428,438)	(428,438)
Net trade receivables	7,849,815	2,433,952	1,221,802	58,937	791,472	12,355,978

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29. **FINANCIAL RISK MANAGEMENT (CONTINUED)**

b) **Credit risk (continued)**

31 December
2022

	<u>0 – 90 days</u>	<u>91 – 180 days</u>	<u>181-270 days</u>	<u>271-365 days</u>	<u>Above 365 days</u>	<u>Total</u>
Trade receivables	1,290,016	2,031,684	2,657,528	-	-	5,979,228
Less: ECL allowance	-	-	(51,862)	-	-	(51,862)
Net trade receivables	1,290,016	2,031,684	2,605,666	-	-	5,927,366

Calculation of loss allowance

When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

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

c) **Liquidity risk**

Liquidity risk is the risk that a Company has difficulties in obtaining the financing necessary to meet obligations associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly and at a value close to its fair value. Liquidity risk is managed by regularly monitoring the adequacy of available liquidity through committed credit facilities and the Group's shareholders to meet the Group's obligations and commitments when due. The Company aims to maintain a balance between continuity of funding and flexibility. The Company also has short-term banking facilities from local banks that are renewed annually and used as needed.

All financial liabilities of the Group are categorized at amortized cost. The following are the contractual maturities of financial liabilities:

31 December 2023	Carrying amount	Total	Less than 1 year	1 – 5 years	More than 5 years
<i>Non-derivative financial liabilities</i>					
Lease liabilities	224,954,309	268,718,882	35,176,330	115,888,104	117,654,448
Short term loan	230,659,116	230,659,116	230,659,116	-	-
Trade payables	40,413,691	40,413,691	40,413,691	-	-
Dividend payable	34,875	34,875	34,875	-	-
Due to related parties	7,451,431	7,451,431	7,451,431	-	-
Accruals and other payables	19,898,041	19,898,041	19,898,041	-	-
	523,411,463	567,176,036	333,633,484	115,888,104	117,654,448

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29. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Liquidity risk (continued)

31 December 2022	I-----Contractual cash flows-----I				
	Carrying amount	Total	Less than 1 year	More than 1 year but less than 5 years	More than 5 years
			SAR		
<i>Non-derivative financial liabilities</i>					
Lease liabilities	130,397,179	158,173,847	23,623,590	77,005,402	57,544,855
Short term loan	53,652	53,652	53,652	--	--
Trade payables	19,542,678	19,542,678	19,542,678	--	--
Due to related party	24,905,711	24,905,711	24,905,711	--	--
Accruals and other payables	10,137,776	10,137,776	10,137,776	--	--
Dividend payable	35,000,000	35,000,000	35,000,000	--	--
	<u>220,036,996</u>	<u>247,813,664</u>	<u>113,263,407</u>	<u>77,005,402</u>	<u>57,544,855</u>

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors its capital base using a ratio of net debt to equity. Net debt is calculated as short term loan less cash and cash equivalents.

d) Capital risk management

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

The Group's objectives when managing capital are:

- 1) 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
- 2) to provide an adequate return to shareholders.

The Group manages the capital structure in the context of economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group adjust the amount of dividends paid to shareholders. The Group mainly relies on its operations and short term loans to meet its capital expenditures.

The Group's gearing ratio at year end is as follows:

	As at 31 December 2023	As at 31 December 2022
Short term loans	230,659,116	53,652
Less: Cash and cash equivalents	(24,148,671)	(46,891,478)
Net debt	206,510,445	(46,837,826)
Equity	402,552,702	411,105,969
Gearing ratio (%)	51.30%	(11.39%)

30. FAIR VALUE MEASUREMENT

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. 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.

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30. FAIR VALUE MEASUREMENT (CONTINUED)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy. This is described as follows based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Group determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

At each reporting date, the Group analyses the changes in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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

The carrying values of all financial instruments reflected in these consolidated financial statements approximate their fair values except for investment in subsidiary which are reflected at cost less impairment losses, if any.

31. OPERATING SEGMENT

IFRS 8 - Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief operating decision maker in order to allocate resources to segments and to assess their performance.

The Group operates on one segment of selling and importing of household utensils and electrical appliances therefore operating segment information is not applicable to the Group.

32. SEASONAL CHANGES

The operations and revenues of the Group are affected by seasonal factors based on the variation of consumption and demand between the seasons. The management of the Group seeks to minimize the seasonal impact by managing inventories to meet demand during the year.

33. SUBSEQUENT EVENTS

There are no further significant subsequent events since the year-end that require disclosure or adjustment in the consolidated financial statements.

34. BOARD OF DIRECTORS APPROVAL

The Group's consolidated financial statements for the year 2023 have been approved by the Board of Directors on 28 February 2024 (corresponding to 18 Shaban 1445H).