RAYDAN FOOD COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

AND INDEPENDENT AUDITOR'S REPORT

RAYDAN FOOD COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF RAYDAN FOOD COMPANY

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Raydan Food Company (the "Company") and its subsidiaries (together referred to as "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 ("IFRS"), that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

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

- The consolidated statement of financial position as at 31 December 2023;
- The consolidated statements of profit or loss and 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, including a summary of significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics, endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the 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 year ended 31 December 2023. 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. For each key audit matters, a description of how our audit addressed the matter is set out below:

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KEY AUDIT MATTERS (CONTINUED)

<table>
<tr><th>KEY AUDIT MATTERS</th><th>HOW THE MATTER WAS ADDRESSED IN OUR AUDIT</th></tr>
<tr><th colspan="2">REVENUE RECOGNITION- REVENUE</th></tr>
<tr><td>With reference to the accounting policy related to revenue recognition, the company's revenues for the year ending on 31December,2023 amounted to 177 million Saudi riyals (2022: 159 million Saudi riyals).

Revenue recognition has been identified as a key audit matter due to the following:

- Revenue recognition is a fundamental risk according to International Auditing Standards, as material misstatement due to distorted financial reporting in terms of revenue recognition often results from overstatement of revenues, for example through premature recognition of revenues or recording fictitious revenues.
- The risks of fraud in revenue recognition in listed establishments are greater than in other establishments, including pressures or motives exerted on management to prepare a distorted financial report through improper recognition of revenues when ethics is measured, for example, in terms of growth in revenues or profits for the year. Current compared to the previous year.</td><td>We performed the following procedures in relation to revenue recognition:

- Evaluate the design, implementation and testing of the effectiveness and efficiency of control systems related to the revenue cycle,
- Testing of general IT systems and key oversight of IT applications related to revenue recognition,
- Examining the revenue movement that occurred at the end of the year to evaluate whether revenue was recognized in the correct period,
- Conducting documentary examination tests and analytical procedures.</td></tr>
</table>

KEY AUDIT MATTERS (CONTINUED)

KEY AUDIT MATTERS	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
INVESTMENTS IN COMPANIES THROUGH EQUITY METHOD (ASSOCIATED COMPANY)	
Investments in associated companies amounted to 38 million Saudi riyals as of 31 December, 2023G (2022: 57million Saudi riyals). Investments in associated companies include the book value of goodwill resulting from acquisitions in previous periods, amounting to 41 million Saudi riyals as of 31 December, 2023G (2022G: 41 million Saudi riyals), this goodwill relates to the acquisition of 30% of Al Gounah Sweets Company during the year 2018. - Management conducted the annual impairment assessment of the goodwill related to those investments as of 31 December, 2023. The impairment assessment was performed by comparing the book value of the cash-generating unit, including goodwill, with its recoverable value. - The recoverable value of the cash-generating unit was determined based on value-in-use calculations. These calculations use the discounted cash flow model by using cash flow forecasts, based on historical data from the approved financial statements, and the approved budgets for the cash-generating unit that cover a period of 10 years, including: The Company's value-in-use calculations make critical assumptions regarding cash flow forecasts and discount rates and are highly sensitive to changes in these assumptions. We considered impairment of goodwill to be a key audit matter because the estimation of future cash flows and the assumptions used in calculating the discounted value of those flows involve judgments and estimates that affect the determination of the recoverable amount and, as a result, affect the assessment of impairment of goodwill.	We performed the following procedures in relation to management's assessment of impairment of goodwill: - Evaluate the design, implementation and testing of the effectiveness and efficiency of control systems related to the goodwill impairment assessment process. - Evaluating the suitability of the goodwill impairment assessment model followed by the company based on the requirements of IAS No. 36. - Obtaining impairment assessments prepared by a local evaluator accredited by the Saudi Evaluators Authority and ensuring his independence, the scope of his work, the extent of the evaluator's competence and his previous experience. - Engage our specialists to evaluate the reasonableness of value-in-use calculations and underlying assumptions, including cash flow projections and discount rates used. - Examining the accuracy and suitability of the input data used in the model by referring to supporting evidence, including approved business plans, and considering the reasonableness of this data by comparing it to historical results and the company's performance against the business plans. - Conduct a sensitivity analysis of key assumptions, mainly including sales growth rates and discount rates, to ensure that any reasonably possible negative changes to the key assumptions will not cause the carrying value of goodwill to exceed its recoverable value. - Evaluating the adequacy of the disclosures contained in the financial statements, including disclosure of assumptions, key provisions, and sensitivity tests.

TO THE SHAREHOLDERS OF RAYDAN FOOD COMPANY
REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

KEY AUDIT MATTERS (CONTINUED)

<table>
<tr><th>KEY AUDIT MATTERS</th><th>HOW THE MATTER WAS ADDRESSED IN OUR AUDIT</th></tr>
<tr><th colspan="2">NON-CURRENT ASSETS IMPAIRMENT</th></tr>
<tr><td>As of 31 December, 2023, the Company owns property, plant and equipment with a net book value of 132 million Saudi riyals (2022: 131 million Saudi riyals), and right-of-use assets amounting to 56 Saudi riyals (2022: 33 Saudi riyals), collectively referred to as “non-current assets.”
- At each financial reporting date, management assesses whether there are events or changes in circumstances (impairment indicators) that may indicate that the carrying value of those non-current assets may not be recoverable, if any such impairment indicators are identified. Management conducts a detailed impairment assessment and compares the results to the book value of the cash generating units (the company's branches).
- For the purposes of preparing the financial statements as of 31 December, 2023, management considered the results of the company’s branches’ operations for the current year and previous periods as an indicator of impairment, and accordingly conducted a detailed assessment of impairment as of 31 December, 2023, by an external evaluator accredited by the Saudi Authority of Valuations.
- Based on these evaluations, each branch was considered a cash-generating unit, and the recoverable value was estimated based on the business plans approved by the Board of Directors, which reflect management’s view of market conditions. Some key assumptions and provisions were also used, such as estimating appropriate growth and discount rates.
- Moreover, management concluded that the recoverable value of some cash generating units was higher than their book value, and therefore the impairment losses recorded during previous periods were reversed.
We considered impairment of non-current assets to be a key audit matter because the estimation of future cash flows and the assumptions used in calculating the discounted value of those flows involve judgments and estimates that affect the determination of the recoverable amount and, as a result, affect the assessment of impairment of non-current assets.</td><td>We performed the following procedures in relation to management's assessment of impairment of non-current assets:
- Evaluating the suitability of the impairment assessment model for non-current assets that the company followed based on the requirements of IAS No. 36.
- Obtaining impairment assessments prepared by a local evaluator accredited by the Saudi Evaluators Authority and ensuring his independence, the scope of his work, the extent of the evaluator’s competence and his previous experience.
- Engage our specialists to evaluate the reasonableness of value-in-use calculations and underlying assumptions, including cash flow projections and discount rates used.
- Examining the accuracy and suitability of the input data used in the model by referring to supporting evidence, including approved business plans, and considering the reasonableness of this data by comparing it to historical results and the company’s performance against the business plans.
- Conduct a sensitivity analysis of the key assumptions, mainly including sales growth rates and discount rates, to ensure that any reasonably possible negative changes to the key assumptions will not cause the carrying value of non-current assets to exceed their recoverable value.
- Evaluating the adequacy of the disclosures contained in the financial statements, including disclosure of assumptions, key provisions, and sensitivity tests.</td></tr>
</table>

TO THE SHAREHOLDERS OF RAYDAN FOOD COMPANY
REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OTHER INFORMATION

The other information consists of the information included in the company's annual report for the year 2023, other than the consolidated financial statements and the auditor's report thereon, and management is responsible for the other information included in its annual report.

Our opinion on the financial statements doesn't cover the other information and we don't express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, and conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 IFRSs as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, Company's By-laws and the applicable requirements of Company's regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the group's financial reporting process.

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs as endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF RAYDAN FOOD COMPANY
REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

- Evaluate the appropriateness of accounting policies used, the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exist 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 disclosure in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

البسام وشركاؤه
محاسبون قانونيون
رقم الترخيص ٥٢٠/١١/٣٢٣
C.R.1010385804
license 520/11/323
Al-Bassam & Co.
Certified Public Accountants

Ahmed A. Mohandis
Certified Public Accountant
License No. (477)
Jeddah: 21 Ramadan, 1445H
Corresponding to: 31 March, 2024

RAYDAN FOOD COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023
(Expressed in Saudi Arabian Riyals)

	Note	31 December 2023	31 December 2022
Assets			
Non-current assets			
Property, plant and equipment, net	5	**131,679,951**	131,278,056
Intangible assets, net	6	**34,799**	127,569
Right-of-use assets, net	7	**55,926,319**	33,331,211
Investments in associate company through equity method	8	**39,558,988**	57,363,516
Total non-current assets		**227,200,057**	222,100,352
Current assets			
Inventory	9	**5,844,348**	4,314,848
Trade receivables, net	10	**8,893,297**	5,883,593
Due from related party	27	**2,947,258**	5,820,105
Prepayments and other receivables, net	11	**14,791,875**	15,374,401
Cash and cash equivalents	12	**6,585,363**	27,465,154
Total current Assets		**39,062,141**	58,858,101
Total Assets		**266,262,198**	280,958,453
Shareholders' equity and liabilities			
Shareholders' Equity			
Share capital	13	**158,084,670**	158,084,670
Statutory reserve	14	**--**	27,413,798
(Accumulated losses)		**(4,377,410)**	(927,380)
Foreign currency translation reserve		**350,685**	419,407
Total equity attributable to shareholders of the Group		**154,057,945**	184,990,495
Non-controlling interests		**--**	3,452
Total equity		**154,057,945**	184,993,947
Liabilities			
Non-current liabilities			
Lease liabilities - non-current portion	7	**51,958,894**	43,125,350
Long term loans - non-current portion	16	**--**	8,756,948
End of service benefits	17	**10,956,265**	12,360,015
Total non-current liabilities		**62,915,159**	64,242,313
Current liabilities			
Lease liabilities – current portion	7	**10,361,073**	6,197,186
Long term loans – current portion	16	**10,195,158**	7,000,000
Trade payables		**12,274,664**	8,646,384
Due to related party	27	**--**	2,591,151
Accrued expenses and other payables	18	**15,282,167**	6,043,337
Provision for potential claims	19	**159,905**	312,508
Accrued zakat	20	**1,016,127**	931,627
Total Current liabilities		**49,289,094**	31,722,193
Total Liabilities		**112,204,253**	95,964,506
Total Shareholders' Equity and Liabilities		**266,262,198**	280,958,453

Chief Financial Officer	Chief Executive Officer	Vice Chairman
Gamal Nasser Ahmed	Mansour Nasser Al-Sulami	Nair Bayan Al-Sulami

The accompanying notes form an integral part of these consolidated financial statement.

الرقم الموحد ٩٢٠٠٠٠٠٤٣
الإدارة العامة: جدة - شارع الأمير متعب - هاتف: ٦٧٨١١٧٧ - ٦٧٨٢٢٧٧ - فاكس: ٦٧٨٠٥٠٥

RAYDAN FOOD COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Saudi Arabian Riyals)

	Note	2023	2022
Revenue	21	**177,373,734**	159,177,603
Cost of revenue	22	**(167,718,282)**	(152,694,949)
Gross profit		**9,655,452**	6,482,654
Selling and marketing expenses	23	**(8,914,966)**	(3,270,975)
General and Administrative expenses	24	**(18,075,483)**	(17,638,335)
Reversal of impairment loss on right of use assets	7	**9,356,932**	1,377,965
Other receivable impairment provision	11	**(1,084,911)**	--
Impairment in Investment through equity method	8	**(15,687,536)**	--
Expropriation compensation losses		**(102,079)**	--
Gain/ Loss on disposal of property, plant and equipment	5	**7,438**	(2,422,834)
Profit from disposal of right of use assets	7	--	175,544
Other income and expenses	25	**1,347,711**	1,052,660
Operation loss		**(23,497,442)**	(14,243,321)
Share from investment in associate company Through equity method	8	**(1,993,045)**	(5,213,062)
Finance Costs	26	**(5,022,000)**	(3,975,311)
Currency valuation differences		**(107,313)**	(258,218)
Loss before zakat and income tax		**(30,619,800)**	(23,689,912)
Zakat and Income Tax	20	**(269,366)**	(931,627)
NET LOSS AFTER ZAKAT AND INCOME TAX		**(30,889,166)**	(24,621,539)
Other comprehensive income (OCI):			
OCI that may be reclassified to profit or loss subsequently:			
Exchange differences on translation of foreign operations		**(68,722)**	(88,907)
OCI that will not be reclassified to profit or loss subsequently			
Remeasurement of defined benefits liability	17	**145,833**	831,544
Share of other comprehensive income from associate	8	**(123,947)**	951,237
Other comprehensive loss/ Income		**(46,836)**	1,693,874
Total comprehensive loss		**(30,936,002)**	(22,927,665)
Attributable to:			
- The Parent Company's shareholders		**(30,889,166)**	(24,621,384)
- Non-controlling interests		--	(155)
		(30,889,166)	(24,621,539)
Attributable to:			
- The Parent Company's shareholders		**(30,936,002)**	(22,927,510)
- Non-controlling interests		--	(155)
		(30,936,002)	(22,927,665)
Basic and diluted losses per share:			
Basic	15	**(1.95)**	(0.83)
Diluted	15	**(1.95)**	(0.73)

Chief Financial Officer	Chief Executive Officer	Vice Chairman
Gamal Nasser Ahmed	Mansour Nasser Al-Sulami	Nair Bayan Al-Sulami

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

الرقم الموحد ٩٢٠٠٠٠٠٤٣
الإدارة العامة: جدة - شارع الأمير متعب - هاتف: ٦٧٨١١٧٧ - ٦٧٨٢٢٧٧ - فاكس: ٦٧٨٠٥٠٥

RAYDAN FOOD COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Saudi Arabian Riyals)

	Equity attributable to the shareholders of the parent Company						
	Share capital	Statutory reserve	(Accumulated losses)	Foreign currency translation Reserve	Total equity attributable to shareholders of the Group	Non-controlling interests	Total equity
For the year ended 31 December 2022							
Balance as at 1 January 2022	337,500,000	27,413,798	(157,504,107)	508,314	207,918,005	2,312	207,920,317
Adjustments to non-controlling interests	--	--	--	--	--	1,295	1,295
Loss for the year	--	--	(24,621,384)	--	(24,621,384)	(155)	(24,621,539)
Other comprehensive income	--	--	1,782,781	(88,907)	1,693,874	-	1,693,874
Total comprehensive losses for the year	--	--	(22,838,603)	(88,907)	(22,927,510)	(155)	(22,927,665)
Decrease in share capital	(179,415,330)	--	179,415,330	--	--	--	--
As At 31 December 2022	158,084,670	27,413,798	(927,380)	419,407	184,990,495	3,452	184,993,947
For the year ended 31 December 2023							
Balance as at 1 January 2023	**158,084,670**	**27,413,798**	**(927,380)**	**419,407**	**184,990,495**	**3,452**	**184,993,947**
Loss for the year	--	--	**(30,889,166)**	--	**(30,889,166)**	--	**(30,889,166)**
Other comprehensive income	--	--	**21,886**	**(68,722)**	**(46,836)**	--	**(46,836)**
Total comprehensive losses for the year	--	--	**(30,867,280)**	**(68,722)**	**(30,936,002)**	--	**(30,936,002)**
amortized the statutory reserve	--	**(27,413,798)**	**27,413,798**	--	--	--	--
Acquisition of non-controlling interests	--	--	**3,452**	--	**3,452**	**(3,452)**	--
At 31 December 2023	**158,084,670**	--	**(4,377,410)**	**350,685**	**154,057,945**	--	**154,057,945**

* Based on the decision of the extraordinary general assembly held on 10 October, 2023, the company's statutory reserve balance, amounting to 27,413,798 SR, as in the financial statements for the year ending 31December, 2022, was transferred to a retained earnings / (accumulated losses) account- (Note:14)

Chief Financial Officer	Chief Executive Officer	Vice Chairman
Gamal Nasser Ahmed	Mansour Nasser Al-Sulami	Nair Bayan Al-Sulami

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

RAYDAN FOOD COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Saudi Arabian Riyals)

	Note	2023	2022
Operating activities			
Net income year before zakat and income tax		**(30,619,800)**	(23,689,912)
Adjustments for non-cash items:			
Other receivable impairment provision	11	**1,084,911**	--
Impairment in Investment through equity method	8	**15,687,536**	--
Expropriation compensation losses		**102,079**	--
Depreciation of property, plant and equipment	5	**11,046,170**	8,355,670
Depreciation of right of use assets	7	**6,134,639**	4,127,136
Amortization of intangible assets	6	**102,670**	250,140
Finance cost incurred	26	**5,022,000**	3,975,311
Gain/ (Loss) on disposal of property, plant and equipment		**(7,438)**	2,422,834
Reversal of impairment loss on right of use assets	7	**(9,356,932)**	(1,377,965)
Share from investment in associate company Through equity method	8	**1,993,045**	5,213,062
Employee termination benefits	17	**1,310,709**	1,282,611
Notes receivable Provision		**300,000**	--
Profit from lease contract termination	7	--	(175,544)
Expected credit losses	10	**73,247**	123,082
Other Provisions		**(152,603)**	312,508
Reversal of Doubtful debts	11	--	(1,469,855)
		2,720,233	(650,922)
Changes in working capital			
Inventory		**(1,529,500)**	(1,954,157)
Trade receivables		**(3,082,951)**	(2,675,183)
Due from related party		**2,872,847**	2,661,933
Prepayments and other receivables		**(904,463)**	(7,758,170)
Accrued expenses and other payable		**7,310,347**	(2,333,307)
Trade payable		**3,628,280**	625,284
Due to related parties		**(2,591,151)**	(8,570,579)
		8,423,642	(20,655,101)
Employee termination benefits paid	17	**(3,156,608)**	(3,786,030)
Zakat and income tax paid		**(184,866)**	(209,866)
Net cash flow Generated from\ (used in) operating activities		**5,082,168**	(24,650,997)
Investing activities			
Purchase of property, plant and equipment	5	**(13,158,499)**	(29,296,830)
Proceeds from sale of property, plant and equipment	6	**1,746,665**	15,090,812
Purchase of intangible assets		--	(242,549)
Assets held for sale		--	3,200,000
Net cash used in investing activities		**(11,411,834)**	(11,248,567)
Financing activities			
Repayment of long-term Loan	17/3	**(7,000,000)**	(7,000,000)
Repayment of lease liability	7/2	**(7,550,125)**	(5,823,666)
Net cash flow used in financing activities		**(14,550,125)**	(12,823,666)
Net change in cash and cash equivalents		**(20,879,791)**	(48,723,230)
Cash and cash equivalents at the beginning of the year		**27,465,154**	76,188,384
Cash and cash equivalents at the year ending		**6,585,363**	27,465,154

Chief Financial Officer	Chief Executive Officer	Vice Chairman
Gamal Nasser Ahmed	Mansour Nasser Al-Sulami	Nair Bayan Al-Sulami

الرقم الموحد ٩٢٠٠٠٠٠٤٣
الإدارة العامة: جدة - شارع الأمير متعب - هاتف: ٦٧٨١١٧٧ - ٦٧٨٢٢٧٧ - فاكس: ٦٧٨٠٥٠٥

RAYDAN FOOD COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in Saudi Arabian Riyals)

	2023	2022
Non-cash transactions		
Purchase of right of use assets	**(19,372,815)**	(4,702,469)
Intangible assets	**(9,900)**	--
lease liabilities	**20,440,140**	6,982,905
Paid financing charges	**(3,583,790)**	(2,537,101)
Accrued expenses and other credit balances	**1,821,067**	--
End of service benefits	**587,982**	256,665
Amortization of prepaid financing expenses	**1,438,210**	1,438,210
Non-controlling interest acquisition	**3,452**	--
Statuary reserve	**(27,413,798)**	--
Amortization of accumulated capital losses	**27,413,798**	179,415,330

Chief Financial Officer	Chief Executive Officer	Vice Chairman
Gamal Nasser Ahmed	Mansour Nasser Al-Sulami	Nair Bayan Al-Sulami

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

الرقم الموحد ٩٢٠٠٠٠٠٤٣
الإدارة العامة: جدة - شارع الأمير متعب - هاتف: ٦٧٨١١٧٧ - ٦٧٨٢٢٧٧ - فاكس: ٦٧٨٠٥٠٥

1. ORGANISATION AND ACTIVITIES

Raydan Food Company is a Saudi joint stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030180055 issued in Jeddah on 11Jumada II 1429H corresponding to 15 June 2008.

On 26 February 2017, the Group has obtained of the Capital Market Authority approval to list 30% of its shares in the parallel money market "Nomu".

On 17 November 2019, the Group obtained the approval of the Capital Market Authority to transfer Raydan Food Company from the parallel market to the main market and accordingly list its shares in the main capital market.

On 5 May 2021, the Capital Market Authority approved the group’s capital increase request by an amount of SR 112.5 million by issuing priority rights shares, bringing the group’s capital to SR 337.5 million. And it was completed the process of offering and increasing capital on 25 August 2021.

And based on the meeting of the Extraordinary General Assembly of the Group held on 9 Rabi’ al-Awwal 1444H, corresponding to 5 October 2022, it was approved to reduce the Company capital from SR 337,500,000 to become after the reduction by SR 158,084,670 by amortizing the amount of accumulated losses, which amounted to SR 179,415,330, with 53.16% of the Company capital. Accordingly, the accompanying consolidated financial statements have been approved on the assumption that the Company will continue to operate in accordance with the going concern principle.

The Company is engaged in running restaurants and offering catering services.

The headquarters of the Company general administration is located in Jeddah - Prince Miteb Street.

The consolidated financial statements include the following assets, liabilities and activities of the Group and its subsidiaries:

Branch CR number	Location	Date
4030212391	Jeddah	8 Jumada Al-Thani 1432H
4030212394	Jeddah	8 Jumada Al-Thani 1432H
4030212441	Jeddah	11 Jumada Al-Thani 1432H
4030212445	Jeddah	11 Jumada Al-Thani 1432H
4030212448	Jeddah	11 Jumada Al-Thani 1432H
4030212449	Jeddah	11 Jumada Al-Thani 1432H
4030212451	Jeddah	11 Jumada Al-Thani 1432H
4030263433	Jeddah	14 Rabi` Al-Awwal 1435H
4030263437	Jeddah	14 Rabi` Al-Awwal 1435H
4030279638	Jeddah	7 Rabi` Al-Awwal 1436H
4030280791	Jeddah	11 Jumada Al-Awwal 1436H
4031098223	Mecca	6 Rabi Al-Awwal 1438H
4031212516	Mecca	3 Jumada Al-Thani 1439H
4603149025	Alqunfatha	13 Shaban1440H
4650083053	Al Madinah Almonawra	25Muharrm1439H
4031283146	Mecca	24 Thu al-Qa'dah 1444H

1. ORGANISATION AND ACTIVITIES (CONTINUED)

The consolidated financial statements include the accounts of the Group and its subsidiary (hereinafter referred to as the "Group") as follows:

Subsidiary name	Country of incorporation	Direct ownership 2023	Direct ownership 2022	Main Activities
Raydan Kitchens and Restaurants Egypt (Limited liability Company)	Egypt	100%	99%	Setting up and operating fixed restaurants to sell and provide ready meals and real estate investment

The group’s management signed an agreement with Al-Raya Limited Company for Restaurants (a company registered in the Arab Republic of Egypt) on 22 Safar 1443H, corresponding to 29 September 2021, according to which it sold the group’s branches in the Arab Republic of Egypt.

The second partner in the subsidiary company, Mr. Mansour bin Awadallah bin Ahmed Al-Sulami, decided to relinquish his entire share in the company’s capital, amounting to 1%, in favor of the first partner, Raydan Food Company - a Saudi joint stock company - who owns 99% of the capital. The company's capital became 100% fully owned by Raydan Food Company - a Saudi joint stock company. An extraordinary general assembly meeting was held on 25 October, 2023, to approve the waiver, and the company's articles of incorporation and commercial registry are being amended to transform the company into a one-person limited liability company.

2. BASIS OF PREPERATION

2-1 Statement of Compliance

The financial statements have been prepared on 31 December, 2023 in accordance with the International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Certified Public Accountants.

2-2 Basis of Measurement

Consolidated financial statements have been prepared on the historical cost basis, unless IFRSs permit measurement using other valuation techniques.
Consolidated financial statements in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the amounts disclosed in the financial statements. These significant estimates and assumptions are disclosed in Note 4.

2-3 Functional Currency

The Consolidated financial statements are measured using the currency of the primary economic environment in which the company operates (“the functional currency”). The financial statements are presented in Saudi riyals, which is the functional and presentation currency.

2- BASIS OF PREPARATION (CONTINUED)

2-4 Use of judgements and estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and actual results may differ from these estimates.

Estimates and assumptions are based on previous experience and factors that may include expecting suitable future events which are used to extend book period of dependent assets and liabilities from other resources and estimates and assumptions are continuously being evaluated. Revised accounting estimates are reviewed in the period in which the estimates are revised in the audit period and future periods, if the changed estimates affect current and future periods.

Significant judgments made by the management (note 4) upon the adopting the Company's accounting policies correspond to the disclosed policies in last year's financial statements.

2-5 Going Concern

The Company's management has assessed the Company's ability to continue as a going concern, and is convinced that the Company has sufficient resources to continue its business in the near future. In addition, the management does not have any material doubts about the Company's ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES

Mentioned below an overview of the significant accounting policies applied in the preparation of these consolidated financial statements of the parent company (a Saudi joint stock company) and its subsidiaries (the "Group"). These policies are consistently applied to all periods presented, except for what is mentioned in the bases for preparation Note 2, unless otherwise stated.

3/1 Basis of consolidation of financial statements

The consolidated financial statements of the Company include the financial statements of the company and its subsidiary as shown in Note No. (1). Control is achieved when the Company is exposed, or has rights, to returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company considers controlling an investee when the Company has:

1. Control of the investee company (existing rights that give it the current ability to direct the activities of the investee).
2. Exposure to risks and rights to various returns from its overlap with the investee company.
3. The ability to use its power over the investee company to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one of the elements of control described above. The process of consolidation of a subsidiary begins when the group obtains control of the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group acquires control of the subsidiary until the date it ceases.

Profits and losses and all components of other comprehensive income are attributable to the equity holders of the Group's parent company and to the holders of the non-controlling interests, even if this results in a deficit balance in favor of the non-controlling interests. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/1 Basis of consolidation of financial statements (continued)

All intra-group balances and financial transactions resulting from transactions between the group and its subsidiary and those between subsidiaries are eliminated in preparing the financial statements. Also, any unrealized gains or losses resulting from internal transactions in the group are eliminated on consolidation of the financial statements

A change in the ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction, when the Group loses control of a subsidiary that:

- De-recognition of the assets (including goodwill) and liabilities of the subsidiary.
- De-recognition of the carrying amount of any non-controlling interest.
- Establishing the fair value of the amount received.
- Recognize the fair value of any investment held.
- Proving the surplus or deficit in profit or loss

The Parent Company's share of the aforementioned components of other comprehensive income is reclassified to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets and liabilities.

Eliminations

Intra-group balances and transactions, as well as any unrealized gains or losses arising from intra-group transactions, are eliminated in full when preparing these financial statements. Unrealized gains arising from transactions with equity investees are eliminated to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but to the extent that there is no evidence of impairment.

Non-controlling interests

Non-controlling interests in the net assets of a subsidiary are recognized separately from the Group's rights to those net assets. Non-controlling interests consist of the amounts of those interests recognized at the date of the original business combination plus their interest in changes in equity in the company that occur after the acquisition date.:

3- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/2 New and amended IFRS standards issued

The following amendments to standards relevant to the Company are effective for the annual periods beginning on or after 1 January, 2023 (unless otherwise stated). The Company adopted these standards and / or amendments, however, there is no significant impact of these on the financial statements

Amendments to standards	Description	Effective from accounting period beginning on or after	Summary of 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.

3- BASIS OF PREPARATION (CONTINUED)

3/2 New and amended IFRS Standards issued but not yet effective (continued)

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

Amendments to standards	Description	Effective from accounting period beginning on or after	Summary of 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.
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.
IAS 7 and IFRS 7	Supplier finance arrangements	January 1, 2024	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 21	Lack of Exchangeability	January 1, 2025	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

Management expects that the interpretations and amendments to these new standards will be adopted in the Company's financial statements when applicable, and the application of such interpretations and amendments may not have any material impact on the Company's financial statements in the initial recognition period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/3 Foreign Currencies translation

Translation of foreign currency transactions

Transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the end of each reporting period at the exchange rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined.

Exchange differences on monetary items are recognized in the consolidated statement of profit or loss in the year in which they arise except for foreign exchange differences on monetary items due from or due to a foreign operation that are not likely or due to be settled (and therefore form part of the net Investment in the foreign operation) which is initially recognized in other comprehensive income and is reclassified from shareholders' equity to the consolidated statement of profit or loss upon settlement of the monetary items.

On disposal of a foreign operation (disposal of the Group's entire interest in a foreign operation, disposal involving loss of control of a subsidiary that includes a foreign operation), all cumulative exchange differences in equity for that operation attributable to the Group's shareholders are reclassified to the statement of profit or loss. In addition, in connection with the partial disposal of a subsidiary that includes a foreign operation, which does not result in the Group losing control of the subsidiary, the proportionate share of the accumulated exchange differences is redistributed to the non-controlling interests and is not recognized in the statement of profit or loss. For all other partial disposals (such as partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the cumulative exchange rate differences is reclassified to the statement of profit or loss.

3/4 Property, plant and equipment

Property, plant and equipment except lands owned by the company and properties work in progress are stated at cost less accumulated depreciation and impairment in value, if any. lands owned by the company and properties work in progress is valued at cost.

Depreciation is charged to income applying the straight-line method at the rates specified in the property, plant and equipment note.

The estimated useful lives of assets will be depreciated as follow:

Item	Years
Buildings	20
Leasehold improvements	5-7
Operating machinery and equipment	5-10
Vehicles	4-5
Furniture and fixtures	5-10

In respect of additions and disposals during the year, depreciation is charged from the months of acquisition or capitalization and up to the months preceding of disposal respectively.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/4 Property, plant and equipment (Continued)

Annual review of residual values and useful live
The residual value of the asset is the current estimated amount that the Company can obtain from excluding the asset after deducting the estimated costs of exclusion if the asset has already reached the expected life and condition at the end of its useful life.

The residual values and useful lives of the assets are reviewed and adjusted, if necessary, at the end of each financial period. If the forecasts differ from previous estimates, the change (s) are calculated as a change in accounting estimates

Asset segmentation
Property, plant and equipment often consists of different parts with different useful lives or consumption patterns. These parts are replaced (independently) during the useful life of the asset. Accordingly:

- Each part of the item of property, plant and equipment is depreciated, the cost of which is relatively important relative to the total cost of the item independently (unless one of the important parts has the same useful life and the method of consuming another part of the same item of property, plant and equipment, in which case, the two parts can be combined together for the purpose of consumption).

- Under the segmentation approach. The Company does not recognize the daily maintenance costs of the item in the carrying amount of the item of property, plant and equipment. These costs are recognized in the statement of profit or loss when incurred. The components of the different assets are determined and depreciated separately only for the significant parts of property, plant and equipment with useful lives or different depreciation patterns. However, the principles regarding parts replacement (which represent the subsequent cost of a replacement part) generally apply to all specific parts, regardless of whether they are significant or not important.

projects under construction
The cost of the projects under construction is calculated on the basis of the actual cost and is shown as projects under implementation until the project is received from the contractor, then it is transferred to the various items within property, machinery and equipment, and then depreciation is started.

Capitalization of costs within property, plant and equipment
The cost of item of property, plant and equipment consists of the following:

- Purchase price, including import duties and non-refundable purchase taxes, after discounting commercial discounts and discounts.
- Any costs directly related to the origin of the site and the necessary condition for its operation in the manner deemed appropriate for the administration.
- Initial estimation of the costs of dismantling and moving the item, returning the site on which it is located to its natural state, and the obligation incurred either as a result of purchasing this item or as a result of using it during a specific period for purposes other than producing inventories during that year.

Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably, the recognition of the carrying amount of one of the parts recognized as a separate asset ceases at replace it.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/4 Property, plant and equipment (Continued)

Borrowing costs related to the qualifying assets are capitalized as part of the cost of the qualifying assets until commencement of commercial production.

All other repair and maintenance expenses are charged to the statement of profit or loss during the period of the financial statements in which they are incurred. Regular maintenance and repairs that do not increase the estimated useful life of the asset or production outputs are charged to the statement of profit or loss when incurred.

Profits and losses resulting from the disposal of property, plant and equipment are determined by comparing the proceeds with the net book value and are included in other income.

3/5 Intangible assets

Intangible assets represent computer software licenses where amounts paid to acquire computer software licenses are capitalized and stated at cost less any impairment, if any. They are amortized on a straight-line basis over the useful life of the licenses, ranging from 5 to 15,5 years.

3/6 Impairment of non-financial assets

Impairment losses are recognized when the carrying value of an asset exceeds its fair value less costs to sell. Impairment losses are recognized in the statement of profit or loss, if any.

The fair value is determined in accordance with International Standard No. (13) regarding fair value and the cost of exclusion, which is the cost that can only be added. The book value of assets is evaluated by the discounted present value of future cash flows, considering the risks related to money in the country in which they are dealt.

At each financial position date, the values of non-financial assets other than financial assets and those that have been impaired are reviewed for possible reversal of impairment. When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased according to the revised estimate of its recoverable amount, but will not exceed the carrying amount as if no impairment loss had been recorded for the asset or cash-generating unit in prior years. The reversal of the impairment loss is recognized as direct income in the statement of profit or loss. Decrease in the value of property, machinery and equipment resulting primarily from unutilized plant capacity through the closure or sale of ineffective ancillary products. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to its recoverable amount adjusted to the extent of the carrying amount that would have been determined if no impairment loss had been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit or loss, unless the underlying asset is carried at its revalued amount, in which case the reversal of an impairment loss is treated as a revaluation increase.

3/7 Inventories

Raw materials, packaging materials, and vendor finished materials are valued at cost or net realizable value, whichever is lower, and cost is determined on a weighted average basis. Cost consists of the purchase cost and, where applicable, the direct costs and indirect expenses incurred to bring the inventory to its location and condition. Current ones.

Net realizable value consists of the estimated selling price in the ordinary course of business, less incremental costs to complete production and any other costs required to complete the sale.

Operating supplies and spare parts that are not held for sale and are consumed within one year are valued at cost. The cost is determined on the basis of weighted average cost. An allowance for obsolete and slow-moving items, if any, is estimated at each financial reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/7 Inventories (Continued)

Net realizable value and inventories provision valuation
Net realizable value is the estimated selling price in the normal course of business of the Group less the estimated costs of completion and selling and distribution expenses. The valuation of the net realizable value of inventories reduction is usually done on an individual basis. This is when the product is from the same product line (which has a similar purpose and end use) and is marketed in the same geographical area.

Reducing inventories below cost to their net realizable value is in accordance with International Financial Reporting Standards that the value of assets should not be increased more than the amounts expected to be realized from their sale.

A provision is made for slow moving, obsolete and obsolete inventories. Damaged inventories is identified and reduced when you perform the inventories count. The provision for slow moving and obsolete inventories is assessed by category of inventories as part of the financial report. The stage is evaluated based on comparison of the level of completeness of inventories held with expected and potential future sales

3/8 Financial instruments

Non-derivative financial instruments
The Company has applied the following classification and measurement requirements for financial instruments.

Recognition of financial instruments
Financial asset and liability is recognized when the Group represents a part of contractual obligations of the instrument, which is usually at the date of trade. The Company derecognizes financial asset when contractual cash flows of these assets are expired, or when the Company transfers financial asset's contractual cash flows in a transaction in which all risks and rewards of ownership of assets are substantially transferred. Any interests resulted from transferred financial assets that the Company has established or held as separate assets or liabilities are recognized.

De-recognition
On de-recognition of a financial asset, the difference between the carrying amount of the asset and the sum of (i)the consideration received (including any new asset obtained less any new liability assumed) and (ii)any cumulative gain or loss that had been recognized in OCI is recognized in the profit or loss. However, in respect of equity securities designated as at FVOCI, any cumulative gain / loss recognized in OCI is not recognized in the profit or loss on de-recognition.

A financial liability is derecognized from the consolidated statement of financial position when the Group has discharged its obligation or the contract is cancelled or expires.

The Group de-recognizes financial assets primarily when:
- contractual rights of cash flows from financial assets expire; or
- the Group transfers the rights to collect contractual cash flows in the transaction through which all risks and rewards of ownership of the financial assets are transferred or through which the Group does not make a material transfer; or
- retain all risks and rewards of ownership and do not maintain control over financial assets.
- The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes financial liabilities when its terms are modified and when the cash flows of the adjusted liabilities are significantly different. In such case, new financial liabilities are recognized at fair value based on the modified terms.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/8 Financial instruments (Continued)

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Classification of financial instruments

The Group classified its financial assets into the following measurement categories:

- Assets to be measured at amortized cost; or
- Fair value through profit or loss (FVTPL); or
- FVOCI - investment in equity instruments

The classification depends on the Group's business model for managing financial assets and the contractual terms of the financial assets cash flows.

Financial assets are not reclassified subsequently to initial recognition unless the Group changed business model for managing the financial assets. In such case, all affected financial assets are reclassified at the first day of the first financial period subsequent to business model change

Financial assets are measured at amortized cost if it meets both of the following conditions and are not recognized as financial assets at fair value through profit or loss:

- Kept in business model which aims to keep assets to gain contractual cash flows; and
- The contractual conditions lead to enter into certain dates for cash flows which represent the principal and the interests of the basic pending amount.

Upon the initial measurement of equity instruments, which the Group does not hold for trading purpose, the Group can elect to present any subsequent changes in fair value for these investments in the statement of other comprehensive income. This election is made on an investment by investment basis.

Any other financial assets not classified or measured at amortized cost or fair value through other comprehensive income as above mentioned, are measured at fair value through profit or loss, including derivative financial assets.

Financial assets- subsequent measurement - profits or losses

Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses (see below). Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss is recognized in profit or loss.
FVOCI (Equity instruments)	These assets are subsequently measured at fair value. Dividends are recognized as revenues in the statement of profit or loss, unless these dividends represent recoverable amounts for part of the investment cost. Any other profits or losses are recognized in the statement of other comprehensive income and shall not be reclassified to the statement of profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net profits or losses, including any benefits or dividends are recognized in the statement of profits or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/8 Financial instruments (Continued)

Reclassification
When an entity changes its business model for managing financial assets it shall reclassify all affected financial assets in accordance with the above-mentioned classification requirements.

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

Share capital
Instruments issued by the Company are classified as equity (shareholders' equity) only to the extent that the definition of the asset or liability does not apply. The Company's ordinary shares are classified as equity instruments (Shareholders' equity).

Impairment of financial assets
IFRS 9 requires an entity to follow an expected credit loss model for the impairment of financial assets.

Expected credit loss should be measured for financial assets measured at amortized cost or fair value through other comprehensive income, except for equity instruments investments.

Under IFRS 9, loss allowances are measured on either of the following bases:
- 12-month ECL. These are ECLs that result from possible default events within the 12 months after the reporting date;
- Lifetime expected credit loss These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a credit asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. The Group can assume that credit risks on a financial instrument didn't significantly increase since the initial recognition; if the financial instrument is previously determined as low credit risk instrument at the date of report. However, lifetime expected credit loss measurement is always applied on trade receivables and assets of the contracts without the presence of a significant finance item, in which the Group can adopt this policy to trade receivables with a non-significant finance item.The Group elected to evaluate trade receivables impairment using 12-month expected credit loss model.

The carrying amount of financial asset is reduced through the use of an allowance account and the amount of the loss is recognized in the profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write - off is later recovered, it is recognized in profit or loss in the period of recovery.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/8 Financial instruments (Continued)

Impairment of non-financial assets
The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any impairment. If any such indication exists, then the asset's recoverable amount is estimated. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to the recoverable amount. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. The value in use is based on a discounted cash flow (DCF) model, whereby the future expected cash flows discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

The losses arising from impairment are recognized in the consolidated statement of profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis

An assessment is conducted at each reporting date to determine whether there is an evidence of impairment loss previously recorded or curtailed. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of consolidated profit or loss.

Non-financial assets other than goodwill, if any, that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3/9 Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

For trade receivables, which are reported net; such provisions are recorded in a separate allowance account with the loss being recognized within the statement of profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/10 Advances and loans

After initial recognition, interest bearing borrowings and borrowings (including trade and other payables) are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the income statement on disposal of liabilities as well as through the amortization process.

3/11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less from the origination date, which are available to the Group without any restrictions. The statement of cash flows is prepared in accordance with the indirect method.

Restricted cash and cash equivalents that are not available for use (if any) by the Group are excluded from cash and cash equivalents for the purpose of preparing the statement of cash flows.

3/12 Trade payables and accruals

Trade payables and other payables are recognized at fair value and are subsequently carried at amortized cost using the effective interest method. The Group derecognizes a financial liability (or part of a financial liability) from its statement of financial position when, and only when, it is extinguished; that is, when the liability specified in the contract is discharged or canceled or expires.

3/13 Borrowing Cost

Borrowing costs directly related to the purchase, construction or production of an asset that takes a long period of time to be constructed or prepared in order for the asset to be ready for the purpose for which it was built, or for sale as part of the costs that's the origin. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of financial interest and other costs that an entity incurs in obtaining loans using the effective interest method

3/14 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 outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of management's best estimate of the expenditures required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to passage of time is recognised as interest expense

3/15 Employee's benefits

General description of a defined benefit plan for employee's - end of service benefits

The Group is required by law to pay end of service benefits (defined benefit plan) in accordance with the Saudi Labor Law. The benefit of the end of service benefit equals half the salary of the last month of each of the first five years of service, including the fractions of the year, in addition to the salary of the last month in full for each year of the remaining / subsequent service, including fractions of the year. Entitlement factors are applied in cases of resignation. The end of service benefit plan is unfunded.

Evaluation methodology and key assumptions for the actuarial study

In compliance with the requirements of IAS 19 "Employee's Benefits", the end of service indemnity is determined by actuarial valuation using the projected unit credit actuarial cost method at the end of each fiscal year. The gain or loss arising from actuarial revaluation is recognized in the statement of comprehensive income for the period in which the revaluation occurred. They are not included in profit or loss. The cost of the current service of the defined benefit plan is recognized in the statement of profit or loss under employee's benefit expense to reflect the increase in the liability resulting from staff services for the current year and the cases of change, reduction or adjustment of benefits.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/15 Employee's benefits (Continued)

Service costs for the previous years are directly are also recognized in profit or loss. Interest is calculated using the effective discount rate at the beginning of the period.

Defined benefit costs are classified as follows:

- cost of service (including current service costs, past service cost, as well as gains and losses resulting from the scaling up and reimbursement of staff benefits);
- Interest cost; and
- Re-measurement.

Short-term employee's benefits

Liabilities are recognized and measured for benefits in respect of wages, salaries, annual leave and sick leave in the period in which they are rendered in the undiscounted amounts of the benefits expected to be paid for these services.

Retirement benefit costs

The Group contributes to the retirement benefits of employee's in accordance with the regulations of the General Organization for Social Insurance and is calculated as a percentage of the employee's remuneration. Payments are treated to government-managed pension benefit plans as payments to specific contribution plans as the Group's liabilities against these plans are equivalent to those that arise in a defined contribution retirement plan. Payments to retirement benefit plans are charged as an expense when due.

3/16 Revenue recognition

Revenues from contracts with customers

The Group recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15- revenue from contracts with customers.

Step 1 - Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2 - Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3 - Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 - Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate 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 - Recognize revenue when (or as) the entity satisfies a performance obligation.
If the consideration promised in a contract includes a variable amount, the Group shall estimate the amount of consideration to which the Group will be entitled in exchange for transferring the promised goods or services to a customer.

Revenue is recognized upon satisfying the performance of contractual obligations, when control over the goods or services is transferred to the customer to be able to use them for the intended purpose and without restrictions or to benefit from the services rendered under the contract.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/16 Revenue recognition (Continued)

Revenue from the sale of any by-products resulting from agricultural or industrial waste is treated as other income in the statement of profit or loss.

In case there is a price difference, between the selling price of the product at the delivery site at the company's location and the selling price of the same product at the customer's location, the resulting difference will be treated as transport income and inserting the related cost in the cost of revenue.

Revenue from food and beverage sales

Revenue is recognized when the invoice is issued and the meals are delivered to customers, revenue is shown net of commercial discount.

Franchise revenue

Franchise revenue consists of percentages and initial franchise fees.
Percentages are calculated from the total sales of the franchise agent based on the percentage agreed in the franchise contract and are recognized at a specific point in time. The initial fees are recognized equally over the term of the concession contract.

Discounts

Additional discounts are granted to customers according to the market conditions and the competitive conditions, so revenue is recognized based on the price specified in the contract or agreed upon with the customer after deducting the specific discounts for each customer, using the accumulated experience to estimate and grant discounts, using the expected value method, Revenue is recognized only to the extent that it is highly probable that a significant reversal will not occur, the contractual obligation is recognized for the expected discounts in the volume of payable amounts to customers in respect of sales made up to the end of the reporting period.

3/17 Zakat & Tax

The Company and its subsidiaries are subject to zakat in accordance with the regulations of the Saudi General Authority of Zakat and Tax ("GAZT"). Zakat is provided for the period ratably and charged separately in the statement of profit or loss and other comprehensive income. Additional zakat, if any, related to prior years' assessments arising from GAZT are accounted for in the period in which the final assessments are finalized

Value added tax

The value added tax was introduced in Saudi Arabia as of 1 January 2018 (14 Rabea Al Akher 1439H), which is tax on the supply of goods and services ultimately borne by the consumer, but collected at each stage of the production and distribution chain as a general principle. The value added tax (VAT) transaction in the Group's accounts should reflect its role as a tax collector and the VAT should not be included in income or expenditures, whether of capital nature or income. However, there will be circumstances in which the Group will incur VAT, and in such cases where VAT is non-refundable, it must be included in the cost of the product or service

3/18 Expenses

Selling and marketing expenses include direct and indirect expenses that are not part of the cost of revenue. Selling and marketing expenses are those expenses related to selling activity and goods delivery, in addition to all other expenses related to marketing.

General and administrative expenses include direct and indirect costs which are not a specific part of the operating activities, including salaries, other employee benefits, rents, consulting services fees, telecommunications expenses, and others.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/18 Expenses (Continued)
A common expense is allocated between the cost of revenue, selling and marketing expenses, and general and administrative expenses, if necessary, on a consistent basis.

3/19 Current versus non-current classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. Asset is classified as current when it is:
- Expected to be realized or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- it is due to be settled 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 assets.

A liability is classified as current when:
- Expected to be settled in the normal operating cycle;
- 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 date of financial position.

The Group classifies all other liabilities as non-current

3/20 Dividends

Dividends are recorded as a liability in the period in which they are approved by the Board of Directors. Final dividends are recorded in the year in which they were approved by the General Assembly of shareholders.

3/21 Segmental information
An operating segment is a company of assets and processes that jointly engage in the rendering of products or services subject to risks and rewards that differ from those of other business segments and which are measured in accordance with the reports used by the executive management.

A geographical segment is associated with the provision of products or services in a specific economic environment that is subject to risks and rewards that differ from those of segments of business in other economic environments.

3/22 Statutory reserve
In accordance with the Regulations for Companies and the Company's By-Laws, the Company is required to transfer 10% of its annual net income to a statutory reserve until such reserve equals 30% of share capital. This reserve is not available for distribution to shareholders.

3/23 Transactions with related parties
The Group has transactions and relationships with related parties consisting of related companies, associate companies, directors, key management personnel and entities over which directors and senior management personnel exercise significant influence. In the normal course of business, the Group enters into transactions with various related parties. On the date of each financial position, those related parties and the nature and volume of transactions with them during the relevant period/year are disclosed in addition to the balances due from/to those related parties in the notes to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/24 Right of use assets and lease liabilities

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

A) Right of use assets

Right-of-use assets include the initial measurement of the corresponding lease liability, lease payments made on or before the commencement date and any initial direct costs. They are subsequently remeasured at cost less accumulated depreciation and impairment losses.

A provision is recognized and measured under International Accounting Standard No. (37), when the Group incurs an obligation for the costs of dismantling and removing a leased asset, rehabilitating the site on which it is located, or restoring the underlying asset to the condition required under the terms and conditions of the lease contract. Costs are included in the related right-of-use asset, unless these costs are incurred to produce the inventory.

The right to use assets is depreciated over the lease period or the useful life of the underlying asset, whichever is shorter. The right-of-use asset in question is depreciated over the useful life of the underlying asset, if the lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise the purchase option. Depreciation begins on the lease start date.

Right to use assets are presented as a separate item in the statement of financial position. The Group applies International Accounting Standard No. (36) - Impairment of Assets to determine whether the right-to-use asset is impaired and to account for any impairment loss.

Variable rents that depend on an index or rate are included in measuring the lease obligation and the right to use the asset. The related payments are recognized as an expense in the period in which the event or condition giving rise to those payments is incurred and are included in “other expenses” in the statement of profit or loss.

b) Lease liabilities

The lease liability is initially measured at the present value of the lease payments not made at the commencement date, discounted using the rate implicit in the lease. The Group uses an incremental borrowing rate if the rate is not readily identifiable. Lease payments included in measuring the lease liability consist of:

- Fixed lease payments (including fixed implicit payments), less any leasing incentives,
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the start date,
- The amount expected to be payable by the lessee under the residual value guarantees,
- The exercise price of the purchase options, if the lessee is reasonably certain to exercise the options, and
- Penalty payments in the event of termination of the lease, if the terms of the lease reflect the exercise of the option to terminate the lease.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/24 Right of use assets and lease liabilities

The lease liability is presented as a separate line item in the statement of financial position. The lease liability is subsequently measured by increasing the book value to reflect the interest on the lease liability (using the effective interest rate method) and by reducing the book value to reflect what has been paid for the lease.

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

- The contract term is changed or there is a change in the valuation of exercising the purchase option, in which case the lease obligation is remeasured by discounting the modified lease payments using the modified discount rate,
- The lease payments change because of a change in the index or rate or a change in the expected payment under the guaranteed residual value. In these cases, the lease liability is remeasured by discounting the modified lease payments using the initial discount rate (unless the lease payments change because of the change in the interest rate Float, in this case the adjusted discount rate is used).
- The lease is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the modified lease payments using a modified discount rate

C) Short-term leases and leases with low value assets

Short-term leases are contracts with a lease term of 12 months or less. Impaired assets are items that do not meet the Group's capitalization limits and are considered immaterial to the Group's consolidated statement of financial position as a whole. Payments for short-term leases and leases of low-value assets are recognized on a straight-line basis in the statement of profit or loss

4. USE OF JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and actual results may differ from these. Estimates and assumptions are based on previous experience and factors that may include expecting suitable future events which are used to extend book period of dependent assets and liabilities from other resources and estimates and assumptions are continuously being evaluated. Revised accounting estimates are reviewed in the period in which the estimates are revised in the audit period and future periods, if the changed estimates affect current and future periods.

Information about significant estimates and uncertainties and significant judgments in applying accounting policies that have the most significant effect on the amount recognized in the consolidated financial statements are described in the following notes:

Measuring employee benefits Liabilities

The Group’s obligation in respect of defined benefit plan is calculated by estimating the amount of future benefits that employees have earned in current and prior periods and discounting that amount to arrive at present value. The calculation is performed annually by a qualified actuary using the projected unit credit method. Judgments are used in estimating the actuarial assumptions. Key assumptions are disclosed in Note (18).

Impairment of non-financial assets

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

4. USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)

Impairment of non-financial assets (Continued)
For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or other 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 a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.
An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in the statement of profit or loss. They are collected first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis (Note 6).

Impairment of trade and other receivables
The Group follows an expected credit loss ("ECL") model for the impairment of trade receivables, this requires the Group to take into consideration certain estimates for forward looking factors while calculating the probability of default (Note 10 - 11).

Impairment for inventories
Management estimates the impairment to reduce the inventories to its net realizable value if the cost of the inventories is not recoverable or the inventories is damaged or become an obsolete in whole or in part, or if the selling price is lower than cost or any other factors that cause the net realizable value to become less than the carrying amount. Management valuation of net realizable value is based on the most reliable evidence at the time the estimates are used. These estimates consider fluctuations in prices or costs directly attributable to events occurring after the date of the financial statements to the extent that they confirm that the circumstances of such events exist as at end of the financial period (Note 9).

Useful lives of property, plant and equipment
The Management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage physical wear and tear. Management reviews the residual value and useful lives annually and change in amortisation charges (if any) are adjusted in current and future periods (Note 5).

Intangible assets
Expected useful lives of intangible assets are estimated at a specific point in time or in undefined period. As for intangible assets with defined useful lives, they are amortized during the period of the asset's economic useful life and the impairment is estimated when an indicator of impairment exists. The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected amortization method of the future economic benefits included in the asset are accounted when a change in the period or method of amortization occurs, as needed, and they are treated as changes in the accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss in the expense category consistent with the function of the intangible asset.

4. USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)

Intangible assets (Continued)
Intangible assets with undefined useful life are not amortized, but they are tested on annually basis, whether in a separate way or at the level of cash generating units. The evaluation of the indefinite life of asset is reviewed annually to determine whether the use of the indefinite useful life is still justified. In the event that these justifications do not persist, the estimate of the useful life is changed to a specified useful life on a future basis (Note 6).

Fair value of assets and liabilities
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 in the principal or, in its absence, the most advantageous market to which the access is available at that date. The fair value of a liability reflects its non-performance risk.

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: inputs other than quoted prices included level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The Group has no assets or liabilities under this level.

Level 3: Inputs for assets and liabilities that are not based on observable market data (unobservable inputs).

Fair value of assets and liabilities (continued)
If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Significant judgment in determining the lease term for contracts that include a renewal option
The Group determines the lease term as the irrevocable term of the lease, plus any periods covered by an option to extend the lease if it is certain to be exercised, or any periods covered by an option to terminate the lease, if it is Certain not to be practiced.

The Group has the option, under some lease agreements, to lease the assets for an additional period of up to 5 years. The Group applies judgment in assessing whether it is reasonable to exercise the renewal option. That is, they consider all relevant factors that create an economic incentive to exercise the renewal option. After the start date, the Group reassesses the lease term if there is a material event or change in circumstances within its control that affects its ability to exercise (or not exercise) the renewal option.

Contingent liabilities
Contingent liabilities, depending on their nature, will be settled on the occurrence or non-occurrence of one or more future events. Estimating these inherent liabilities involves the exercise of significant judgment and making estimates as to the outcome of future events.

4. USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)

Going concern

The consolidated financial statements have been prepared on the basis of going concern, which assumes that the Group will continue in its business in the foreseeable future as shown in the consolidated financial statements. The Group incurred a net loss during the year ending on 31 December 2023. The ability of the Group to continue in its business It depends on achieving more cash flows from its business and its success in increasing its capital through issuing right shares

Provisions

Provisions, by their nature, rely on estimates and evaluations to confirm whether recognition criteria are met, including an estimate of the likelihood of cash outflows. Management's estimates of provisions for environmental matters are based on an estimate of costs, after considering legal advice and other information currently available. It also includes provisions for end-of-service benefits and exit costs, if any, in addition to management’s expression of judgment in estimating the expected cash outflows for end-of-service payments, site closure, or other exit costs. Provisions for contracts whose costs are greater than their benefits or uncertain liabilities involve management's best estimate of whether the cash outflows are probable.

Expected credit losses

The allowance for expected credit losses is determined by referring to a group of factors to ensure that the balances of receivables are not exaggerated as a result of the possibility that they will not be collected, based on the age from the date of initial recognition of the receivables. To measure expected credit losses, the receivables are grouped based on the characteristics of common credit risks and the number of Gone days. Expected loss rates have been derived from the Group's historical information and have been adjusted to reflect the expected future outcome, which includes any forward-looking information on macroeconomic factors such as inflation and GDP growth rate. The main assumptions are disclosed in Note No. (9).

5. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Leasehold improvements	Operating machinery and equipment	vehicles	Furniture and fixtures	Capital work in progress	Total
Cost:								
Balance at 1 January 2023	56,800,720	111,126,853	16,170,600	20,720,243	10,371,630	7,187,219	12,614,577	234,991,842
Additions	--	381,832	732,733	2,069,473	111,276	716,808	9,146,377	13,158,499
Disposals	--	(6,472)	(154,943)	(402,411)	(3,242,170)	(181,101)	(880,025)	(4,867,122)
Transfer from Capital work in progress	--	14,173,668	2,579,700	3,441,205	--	665,722	(20,860,295)	--
Balance at 31 December 2023	56,800,720	125,675,881	19,328,090	25,828,510	7,240,736	8,388,648	20,634	243,283,219
Accumulated depreciation:								
Balance at 1 January 2023	--	53,476,157	11,567,872	14,548,542	8,682,827	5,866,361	--	94,141,759
Charge for The Year	--	5,886,053	1,675,719	1,733,182	1,323,152	428,064	--	11,046,170
Disposal	--	(1,605)	(39,464)	(165,653)	(2,870,530)	(79,436)	--	(3,156,688)
Balance at 31 December 2023	--	59,360,605	13,204,127	16,116,071	7,135,449	6,214,989	--	102,031,241
Provision for impairment								
Balance at 1 January 2023	9,572,027	--	--	--	--	--	--	9,572,027
Balance at 31 December 2023	9,572,027	--	--	--	--	--	--	9,572,027
Net Book Values								
At 31 December 2023	47,228,693	66,315,276	6,123,963	9,712,439	105,287	2,173,659	20,634	131,679,951
At 31 December 2022	47,228,693	57,650,696	4,602,728	6,171,701	1,688,803	1,320,858	12,614,577	131,278,056

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land	Buildings	Leasehold improvements	Operating machinery and equipment	vehicles	Furniture and fixtures	Capital work in progress	Total
Cost:								
Balance at 1 January 2022	59,733,840	129,167,742	20,299,860	16,764,986	10,368,130	6,722,610	4,483,733	247,540,901
Additions	--	273,910	282,821	6,498,852	3,500	918,539	21,319,208	29,296,830
Disposals	(2,933,120)	(29,921,162)	(4,825,136)	(2,837,618)	--	(582,229)	(746,624)	(41,845,889)
Transfer from Capital work in progress	--	11,606,363	413,055	294,023	--	128,299	(12,441,740)	--
Balance at 31 December 2022	56,800,720	111,126,853	16,170,600	20,720,243	10,371,630	7,187,219	12,614,577	234,991,842
Accumulated depreciation:								
Balance at 1 January 2022	--	66,952,704	12,523,472	14,488,463	8,624,746	5,663,929	--	108,253,314
Charge for The Year	--	4,957,810	2,161,604	782,032	96,415	357,809	--	8,355,670
Disposal	--	(18,434,357)	(3,117,204)	(721,953)	(38,334)	(155,377)	--	(22,467,225)
Balance at 31 December 2022	--	53,476,157	11,567,872	14,548,542	8,682,827	5,866,361	--	94,141,759
Provision for impairment								
Balance at 1 January 2023	11,508,375	--	--	--	--	--	--	11,508,375
Disposals for the year	(1,936,348)	--	--	--	--	--	--	(1,936,348)
Balance at 31 December 2023	9,572,027	--	--	--	--	--	--	9,572,027
Net Book Values								
At 31 December 2022	47,228,693	57,650,696	4,602,728	6,171,701	1,688,803	1,320,858	12,614,577	131,278,056
At 31 December 2021	48,225,465	62,215,038	7,776,388	2,276,523	1,743,384	1,058,681	4,483,733	127,779,212

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

5/1 Provision for obligations for removal, site rehabilitation and dismantling:

Decommissioning allocations are created to meet the obligation to close sites and level and dismantle factories and related infrastructure. These obligations are expected to be incurred in the year in which the sites are expected to close. The administration estimates the provision based on the administration's understanding of the current legal requirements in the Kingdom of Saudi Arabia and the terms of the licensing agreements and engineering estimates. According to the management's assessment, it was found that the impact of these provisions is not material to the financial statements. Therefore, the financial statements were not affected by the impact of the allocations for the removal and dismantling obligation.

5/2 Mortgages of real estate, property and equipment:

The land item includes lands with a book value of 9,050,652 Saudi riyals (2022G: 12,825,000 Saudi riyals) mortgaged as security against a long-term loan (Note 17).

5/3 Depreciation for the year ended 31 December has been allocated as follows:

	Note	December 31, 2023	December 31, 2022
Cost of Sales	22	**10,107,055**	7,889,956
Administrative expenses	24	**939,115**	465,714
		11,046,170	8,355,670

5/4 Capital work in progress:

Capital work in progress represents the value of improvements and construction of the company's branches, which are as follows:

	Note	December 31, 2023	December 31, 2022
At 1 January		**12,614,577**	4,483,733
Additions		**9,146,377**	21,319,208
Disposal		**(870,125)**	(746,624)
Transferred to property, plant and equipment		**(20,860,295)**	(12,441,740)
Transferred to Intangible assets	6	**(9,900)**	--
		20,634	12,614,577

6. INTANGIBLE ASSETS

	Note	31 December 2023	31 December 2022
Cost:			
At 1 January		**943,446**	700,897
Additions		**--**	242,549
Transferred from capital work in progress	5/4	**9,900**	--
At 31 December		**953,346**	943,446
Accumulated amortization:			
At 1 January		**815,877**	565,737
Charge for the year	22 - 24	**102,670**	250,140
At 31 December		**918,547**	815,877
Net book values at 31 December		**34,799**	127,569

6. INTANGIBLE ASSETS (CONTINUED)

6/1 Amortization for the year ended 31 December has been allocated as follows:

	Note	December 31, 2023	December 31, 2022
Cost of Sales	22	**26,101**	164
Administrative expenses	24	**76,569**	249,976
		102,670	250,140

7. RIGHT OF USE ASSETS

7/1 Movement of Right of use assets, Net:

	Note	31 December 2023	31 December 2022
Cost:			
At 1 January		**57,385,446**	59,864,583
Additions		**19,372,815**	4,702,469
Lease termination		**--**	(7,181,606)
At 31 December		**76,758,261**	57,385,446
Accumulated depreciations:			
At 1 January		**12,557,596**	11,399,059
Charge for the year	22	**6,134,639**	4,127,136
Lease termination		**-**	(2,968,599)
At 31 December		**18,692,235**	12,557,596
Provision for impairment:			
Balance At 1 January		**11,496,639**	12,874,604
Addition during the year		**2,139,707**	--
Reversal of impairment during the year*		**(11,496,639)**	(1,377,965)
At 31 December		**2,139,707**	11,496,639
Net book values at 31 December		**55,926,319**	33,331,211

The company rents warehouses and branch locations, with lease terms ranging from 3 to 20 years.

* As of 31 December ,2023 management evaluated the decrease in the right to use assets of the company's branches through an external evaluator approved by the Saudi Authority of Evaluators, "Sadaqa Certified Public Accountants and Consultants," license No. 3912000017. The evaluation was made by considering the company's branches as cash-generating units. Management considered the results of the branches' operations. The company for the current year and the results of previous periods are an indicator of impairment. Accordingly, it conducted a detailed assessment of impairment as of 31 December, 2023. Based on those assessments, each branch was considered a cash-generating unit, and the recoverable value was estimated based on the business plans approved by the Board of Directors. Management, which reflects management's view of market conditions, and some key assumptions and judgments were used, such as estimating appropriate growth and discount rates.

Moreover, management concluded that the recoverable value of some cash generating units was higher than their book value, and therefore the impairment losses recorded during previous periods were reversed.

7. RIGHT OF USE ASSETS (CONTINUED)

7/2 Movement of lease liability, Net:

	Note	31 December 2023	31 December 2022
Balance At 1 January			
Adjustment		**49,322,536**	53,303,906
Additions		**--**	4,247
Additions during the year		**19,372,815**	4,702,469
Interest charged during the year	26	**2,995,808**	2,280,436
Lease termination during the year		**--**	(5,144,856)
Paid during the year		**(7,550,125)**	(5,823,666)
Transferred to accrued expenses and other payables		**(1,821,067)**	-
Balance at end of year		**62,319,967**	49,322,536

7/3 Below are the lease liabilities as classified in the statement of financial position

	31 December 2023	31 December 2022
Current liability	**10,361,073**	6,197,186
Non-current liability	**51,958,894**	43,125,350
	62,319,967	49,322,536

Lease liabilities added during the year ended 31 December were discounted using the Group's average marginal assumption rate of 4.5% to 8%.

7/4 Expenses related to short-term and low-value lease contracts for the year ending on 31 December 2023 amounted to 1,876,104 SR (2022: 2,141,890 SR) and there are no commitments related to those contracts. These amounts were recorded as operating leases and were not included with the right-of-use assets.

7/5 The undiscounted future cash flows for lease obligations are as follows:

	31 December 2023	31 December 2022
During year	**10,361,073**	6,197,186
From 1 to 5 years	**53,411,234**	59,496,577
More than 5 years	**30,975,417**	33,886,754
	94,747,723	99,580,517

8. INVESTMENT IN AN ASSOCIATE

8/1 Al Jonah Distinguished Sweets and Parties Co., Ltd. is a limited liability company registered in the Kingdom of Saudi Arabia and operates in the menu of external parties for third parties and providing cooked and uncooked meals and catering services. The group's share in the capital of Al Jonah Company as on 31 December 2023 amounted to 30% (31 December 2022: 30%), and the investment movement was as follows:

	Notes	December 31, 2023	December 31, 2022
Investment cost			
Share in capital		**14,850,000**	14,850,000
Total		**14,850,000**	14,850,000
share in the results of the associate's business			
Share of business results at the beginning of the year		**589,233**	4,851,058
Share of business results at the year	8/2	**(1,993,045)**	(5,213,062)
Share of other comprehensive income		**(123,947)**	951,237
Total		**(1,527,759)**	589,233
Share of the parent company 30%	8/3	**13,322,241**	15,439,233
Addition:			
Good Will	8/4	**41,924,283**	41,924,283
Impairment in Investment		**(15,687,536)**	--
Balance of the investment in an associate company using the equity method		**39,558,988**	57,363,516

8/2 The following is a summary of the profit or loss statement of Al Jonah Company for the years ending on 31 December:

	December 31, 2023	December 31, 2022
Sales	**74,974,783**	68,198,671
Cost of sales	**(47,078,005)**	(45,972,035)
Operating expenses	**(33,368,601)**	(37,784,723)
Non-operating income & losses	**(1,171,660)**	(1,818,785)
Loss for the year	**(6,643,483)**	(17,376,872)
Group's share 30%	**(1,993,045)**	(5,213,062)

8/3 The following table summarizes the financial information of El Jonah Company extracted from its lists, in addition to the adjustments to arrive at the book value of the group's investment in El Jonah Company:

	December 31, 2023	December 31, 2022
Current assets	**19,038,837**	17,315,125
Non-current assets	**96,374,036**	110,434,786
Current liability	**(49,449,576)**	(59,213,230)
Non-current liability	**(21,555,827)**	(17,072,571)
Total equity	**44,407,470**	51,464,110
Group's share 30%	**13,322,241**	15,439,233

8. INVESTMENT IN AN ASSOCIATE (CONTINUED)

8/4 Good Will

At the date of each statement of financial position, management evaluates the decline in the goodwill established for the investment in AL Jonah sweet and outside catering limited (associate company) by evaluating the company as a cash-generating unit, and according to management's estimates that there are indicators of a decline in the value of the investment in the associate company, it was evaluated Investment in the associate company (AL Jonah sweet and outside catering limited) as of 31December,2023 through a local evaluator approved by the Saudi Evaluators Authority "Sadaqa Certified Public Accountants with license number 3912000017 and the evaluation resulted 15.7 M

Important principles and assumptions used in the evaluation:
1- Growth rates from 5% to 10%
2- periods of approved business plans are 10 years
3- Discount rate 13.74%

9. INVENTORIES

	31 December 2023	31 December 2022
Foods and drinks, raw materials	**4,402,100**	2,964,052
Consumable suppliers and tools	**1,442,248**	1,350,796
	5,844,348	4,314,848

10. TRADE RECEIVABLES, NET

	Note	**31 December 2023**	31 December 2022
Trade receivables		**9,413,446**	6,330,495
Expected credit losses	10/1	**(520,149)**	(446,902)
		8,893,297	5,883,593

10/1 Movement of expected credit loss of the year ending 31 December:

	Note	**31 December 2023**	31 December 2022
Balance as at 1 January		**446,902**	323,820
Charge for the year	24	**73,247**	123,082
Balance as at 31 December		**520,149**	446,902

The following is an analysis of the aging of trade receivables as at 31 December:

	December 31, 2023		December 31, 2022	
Duration	**Balance**	**Impairment In value**	Balance	Impairment In value
Not due	**5,442,942**	**111,922**	1,782,585	183,504
From 1 to 60 days	**3,737,673**	**273,630**	3,645,729	145,476
From 61 to 120 days	**94,887**	**21,481**	752,364	78,863
Over 120 Days	**137,944**	**113,116**	149,816	39,059
	9,413,446	**520,149**	6,330,494	446,902

Subsequent collections from trade receivables amounted to SAR 3.1 million at 31 December 2023 (2022: SAR 4,2 million), which were excluded from trade receivables when calculating losses. The expected credit balance, so that the balance of net receivables subject to calculation becomes 5.3 million SR (2022: 2,1 million SR), classified according to their age.

11. PREPAYMENTS AND OTHER RECEIVABLES, Net

	Note	31 December 2023	31 December 2022
Prepaid expenses		**4,449,850**	4,535,089
Employee receivables		**1,296,483**	1,241,878
Notes Receivable		**1,078,159**	-
Insurance recoveries		**451,840**	250,240
Advances to suppliers		**411,644**	154,264
Margin deposit on a letter of guarantee		**200,000**	80,175
Other receivable	**11/1**	**8,288,810**	9,112,755
		16,176,786	15,374,401
Provision for expected credit losses on advances to suppliers	**11/2**	**(1,084,911)**	-
Provision for impairment of notes receivable	**11/3**	**(300,000)**	-
		14,791,875	15,374,401

11/1 Other receivables include

- It represents the value of the lands and buildings (Sixty Branch, Kilo 14 Branch) expropriated by government agencies for the work of developing slum areas in the city of Jeddah, with a book value of 8,328,290 Saudi riyals, which is the value expected to be received as compensation from the competent authorities in exchange for expropriation. The value was determined based on the approved evaluation reports as in December 31, 2022 from a certified valuer who holds an expropriation certificate from the Saudi Authority for Certified Valuers, Saber Real Estate Valuation - License No. 1210000589.

- During the period subsequent to the fiscal year ending on December 31, 2023, a bank check No.: 9552855 issued by the Ministry of Finance, issued on December 28, 2023, was obtained. It includes the value of compensation for the land of the Sixtieth Branch (expropriated), and the check was deposited in the company’s bank account on February 5, 2024.

- The land deed for the Kilo 14 branch (Al-Ain Al-Azizia area), owned by the parent company, is still in effect according to the sale and payment of the price in the name of the previous owner.

11/2 The movement provision for impairment of other receivable is as follows:

	31 December 2023	31 December 2022
Balance as at 1 January	--	**1,469,855**
addition during the year	**1,084,911**	--
Reversal during the year	--	**(1,469,855)**
Balance as at 31 December	**1,084,911**	--

According to management estimates, a provision was made for a decrease in the value of compensation for the Kilo 14 branch in the amount of 1,084,911 Saudi riyals, based on the results of the latest expropriation evaluation of the branch, which resulted in a decrease in the value of compensation for the branch in the amount of 988,482 Saudi riyals. The effect of the compensation received for the land of the 60th branch, which decreased from the recorded book value by 2.7%, and applying the same decrease rate to the compensation for the 14th kilometer branch resulted in a decrease of 96,429 Saudi riyals, bringing the total decrease in value to 1,084,911 Saudi riyals.

11. PREPAYMENTS AND OTHER RECEIVABLES, NET (CONTINUED)

11/3 The movement provision for impartment of notes receivable in is as follows:

	NOTE	31 December 2023	31 December 2022
Charge for the year	25	**300,000**	--
		300,000	--

- A provision was made for a decrease in the value of notes receivable represented by promissory notes in favor of Raydan Food Company related to the termination of contracts for three branches of the commercial franchise (Taif Branch, Tabuk Branch, Najran Branch), based on management's estimates of the difficulty of collecting the value of those receivables, with the exception of the Taif Branch, where The amount due was rescheduled in installments, with the first installment being collected on February 29, 2024, at a value of 50,000 Saudi riyals, until the full amount is collected on July 3, 2028. The management calculated the current value of the non-current portion of those receivables and found that the impact was in-significant.

12. CASH AND CASH EQUIVALENT

	31 December 2023	31 December 2022
Cash on hand	**602,923**	1,211,511
Cash at banks	**5,982,440**	26,253,643
	6,585,363	27,465,154

All bank balances are estimated to be of low credit risk as they are deposited with well-known banking institutions with a high credit rating, and there were no indications / history of defaulting on any bank balances of the company, so the possibility of defaulting on payment is based on future factors or any cases Failure caused by little or no losses.

13. CAPITAL

The capital of the Company as at 31 December 2023 consists of 15,808,467 shares (2022: 15,808,467 shares), each valued at SR 10 (2022: SR 10).

14. STATUTORY RESERVE

Based on the decision of the Extraordinary General Assembly held on 10 October 2023, the company's statutory reserve balance, amounting to 27,413,798 SR, as in the financial statements for the year ending 31 December 2022, was transferred to a retained earnings/(accumulated losses) account.

15. BASIC AND DILUTED LOSS PER SHARE

The loss per share was calculated from the net loss for the year ending December 31, 2023, based on the average number of shares outstanding on that date, amounting to 15,808,467 shares (2022: 29,522,680 million shares).

	2023	2022
Net loss attributable to the shareholders of the company	**(30,889,166)**	(24,621,384)
Weighted average number of common shares used as the denominator in calculating basic and diluted earnings per share	**15,808,467**	29,522,680
Profit basic and diluted earnings per share (EPS) from continuing operations	**(1,95)**	(0.83)

Loss per share is calculated from the net loss for the year ending 31 December, 2023, based on the weighted average number of common shares outstanding after adjusting for the effect of the potential dilution of common shares, if any.

During the year there were no diluted shares, so the diluted earnings per share do not differ from the basic earnings per share.

16. LOANS

The Group has a long-term loan in the amount of SR 35.1 million in the form of a long-term financing lease to finance capital expansions. This loan is granted by the guarantee of a mortgage on plots of land from the Group (note no.: 6). This loan is subject to an annual interest rate of 8%. The total financing charges related to this loan have been fully deducted in advance from the amount received. To paid amount in quarterly installments ending on 15 October, 2024, long-term loan is denominated in SR

During 2020, the company reached an agreement to reschedule the loan installments, which resulted in additional financing costs of SR 3,216,731, to be paid during the new loan period, which will end on 15 October 2024.

16/1 Long Current portion non-current:

	31 December 2023	31 December 2022
Long- term loan	**10,415,007**	17,415,007
deferred finance cost	**(219,849)**	(1,658,059)
	10,195,158	15,756,948

Current and non-current loans and facilities:

	31 December 2023	31 December 2022
current portion	**10,195,158**	7,000,000
Non- current portion	**--**	8,756,948
	10,195,158	15,756,948

16/2 Bank loans according to financing entities:

	31 December 2023	31 December 2022
Yanal Finance Company (formerly Saudi ORIX)	**10,195,158**	15,756,948
	10,195,158	15,756,948

16. LOANS (CONTINUED)

16/3 Movement in Loans:

	Note	31 December 2023	31 December 2022
Balance as at January 1		**15,756,948**	21,318,738
Interest charge during the year	**27**	**1,438,210**	1,438,210
Payments during the year		**(7,000,000)**	(7,000,000)
Balance as at 31 December		**10,195,158**	15,756,948

The maturity schedule for the long-term financing is as follows on 31 as December:

	31 December 2023	31 December 2022
2023	**-**	7,000,000
2024	**10,195,158**	10,415,007
	10,195,158	17,415,007

17. EMPOLYEE TERMINATION BENEFITS

The provisions movement of end employee benefits, are the program specified benefits during the year as mentioned below:

	31 December 2023	31 December 2022
Balance as at 1 January	**12,360,015**	15,438,313
Charged to profit or loss		
Current service cost	**1,310,709**	1,282,611
Interest cost	**587,982**	256,665
	1,898,691	1,539,276
And other comprehensive income		
re-measurement (Gain)	**(145,833)**	(831,544)
Paid during the year	**(3,156,608)**	(3,786,030)
Balance as at 31 December	**10,956,265**	12,360,015

The valuation was prepared by an independent external actuary using the following key assumptions:

	31 December 2023	31 December 2022
Discount rate used	**5,4%**	6.50%
Salary increase rate	**4,2%**	5.50%
Rates of employee turnover	**High**	High
Mortality rate	**7**	7

17. EMPOLYEE TERMINATION BENEFITS (CONTINUED)

Defined benefit liability sensitivity's changes impact, as follow:

	31 December 2023	31 December 2022
Discount rate		
Basic	**10,956,265**	12,360,015
Increase by 0.5%	**10,638,500**	12,002,767
Decrease by 0.5%	**11,258,516**	12,685,926
Change in Salaries		
Basic	**10,956,265**	12,360,015
Increase by 0.5%	**11,318,131**	12,874,961
Decrease by 0.5%	**10,578,632**	11,952,512

Defined benefit liability sensitivity's changes impact, as follow:
The above sensitivity analysis is based on a change in a hypothesis with all other hypotheses remaining constant. In practice, this is unlikely to happen and changes in some hypotheses may be correlated. The same method was used in calculating the end-of-service employee end-of-service liability recognized in the statement of financial position when calculating the sensitivity of the end-of-service employee end-of-service obligation to significant actuarial assumptions (the present value of the end-of-service employee end-of-service obligation calculated using the projected unit credit method as at the end of the reporting period). The methods and types of assumptions used in preparing the sensitivity analysis have not changed compared to the previous year

18. ACCRUED EXPENSES AND OTHER PAYABLES

	31 December 2023	31 December 2022
Accrued expenses	**2,434,048**	1,174,135
Marketing support received in advance*	**3,480,000**	--
Remuneration accrued to the Board of Directors and committees	**3,215,931**	807,151
Accrued End of service	**3,395,578**	3,262,528
Rents due	**2,652,449**	799,523
Advance payment from customer	**104,161**	--
	15,282,167	6,043,337

* During the year, the company entered into a sales incentive and marketing support agreement with a local supplier, through which it obtained a cash incentive worth 4 million riyals on some items of purchases in specific quantities in accordance with the terms of the agreement. The management calculated the value of the incentive due for actual purchases during the year, and it was deducted. of inventory cost.

19. PROVISION FOR POTENTIAL CLAIMS

	31 December 2023	31 December 2022
1 January	**312,508**	--
Charge during the year	**--**	312,508
Paid during the year	**(152,603)**	--
Balance as at 31 December	**159,905**	312,508

20. ZAKAT AND INCOME TAX

The movement in the zakat and income tax payable was as follows:

	31 December 2023	31 December 2022
Balance as at 1 January	**931,627**	209,866
Charge for the year	**269,366**	931,627
Paid for the year	**(184,866)**	(209,866)
31 December	**1,016,127**	931,627

<u>Zakat position and tax</u>

<u>Raydan Food Company</u>
The company submitted its zakat returns for the years ending on 31 December from inception until 31 December 2022, and zakat certificates were received for these years.

<u>The tax status of Raydan Food Company</u>
Value added tax returns were submitted on a monthly basis from January 2018 to September 2023.

<u>Raydan Kitchens and Restaurants Company Egypt</u>

A- Capital Companies Tax: -
- The company was notified of an estimated Form 19 for the period from the beginning of the activity until 31 December 2016, and it was objected to and a request for re-examination will be submitted.
- The company was notified on Form (3/4) to prepare examination documents for the years from 2018 to 2020.
- The tax return was submitted for the year ending in 2021, on the legal date.

B- Value Added Tax: -
- The company's tax examination was carried out from the beginning of the activity until 2018, and the company paid the tax examination differences.
- The company did not receive any notifications for the years from 2019 to 2022.

C - Payroll tax: -
The competent tax office has notified the company with an estimated form (38) for the years since the beginning of the activity, until 2016, and it was objected to within the legal dates, and a request for re-examination will be submitted.

D- Withholding and collection tax: -
The company supplies the amounts that are deducted from the dealing parties to the tax authority on the legal dates.

E- Stamp tax: -
The company has not been examined until the date of the financial statements.

21. REVENUE FROM CONTRACT WITH CUSTOMERS

Detailed information on revenues by geographical areas

	31 December 2023	31 December 2022
Western region	**173,947,209**	154,550,196
Eastern region	**--**	396,949
Other	**3,426,525**	4,230,458
	177,373,734	159,177,603

*All sales of the company take place at a specific point in time, there are no sales over time periods.

22. COST OF REVENUE

	Note	31 December 2023	31 December 2022
Consumables cost		**96,365,394**	95,665,657
Salaries, wages, and related costs		**33,320,763**	25,714,071
Depreciation of property, plant and equipment	5	**10,107,055**	7,889,956
Depreciation of right-of-use assets	7	**6,134,639**	4,127,136
Electricity, water and gas		**5,729,912**	5,420,037
Other benefits		**5,635,157**	1,315,230
General expenses for Hajj campaigns		**2,539,190**	3,103,787
Operating rental (low-value, short-term contracts)		**1,876,104**	2,141,890
Maintenance		**1,804,427**	1,682,062
Amortization of intangible assets		**26,101**	164
Others		**4,179,540**	5,634,959
		167,718,282	152,694,949

23. SELLING AND MARKETING EXPENSES

	31 December 2023	31 December 2022
Delivery company commissions	**7,138,859**	2,204,685
Advertising	**1,434,599**	971,837
Marketing, hospitality and public relation expenses	**340,528**	79,603
Others	**980**	14,850
	8,914,966	3,270,975

24. GENERAL AND ADMINSTRATIVE EXPENSES

	Note	31 December 2023	31 December 2022
Salaries, wages, and related costs		**8,972,629**	14,111,814
Board remuneration		**4,568,704**	478,209
Professional and consulting fees		**1,002,120**	1,765,510
Depreciation machinery and equipment	5	**939,115**	465,714
governmental expenses		**777,458**	559,421
Amortization of intangible assets		**76,569**	249,976
Repair and maintenance		**326,182**	90,372
Expected credit losses	10	**73,247**	123,082
Reversal of doubtful debts	11	**--**	(1,469,855)
Provision for impairment in the value of notes receivable		**300,000**	--
Others		**1,039,459**	1,264,092
		18,075,483	17,638,335

25. OTHER OPERATING INCOME

	31 December 2023	31 December 2022
Rental income from sweets section	**203,199**	911,722
Security deposits for the non-returned dishes	**318,768**	336,024
Leather sales	**50,984**	50,056
Bank returns	**299,504**	-
Others	**475,256**	568,430
Other expenses	**--**	(813,572)
	1,347,711	1,052,660

26. FINANCE COSTS

	Note	**31 December 2023**	31 December 2022
Accrual of deferred financing costs on a long-term loan		**1,438,210**	1,438,210
Unwinding of the discount on lease liabilities	7	**2,995,808**	2,280,436
Unwinding of provision for employee termination benefits	18	**587,982**	256,665
		5,022,000	3,975,311

27. RELATED PARTIES DISCLOSURES

27-1 Transaction with related parties

The following table illustrated the total of significant transactions with the related parties during the year and related balance as at 31 December 2023 and 2022:

Due to related parties			**Transaction volume**		**Balance as in**	
Name of Related party	**Type of relationship**	**Nature of transaction**	**2023**	**2022**	**2023**	2022
Al-Jonah Sweets and Outside Catering Ltd	Associate company	Rents/ Sales / purchases	**8,990,552**	**1,048,480**	**2,947,258**	5,820,105
					2,947,258	5,820,105
Due from related parties						
Al-Jonah Sweet and outside catering Ltd	Associate Company	purchases	**--**	8,402,857	**--**	2,591,151
						2,591,151

Senior management employees are the persons who exercise authority and responsibility in planning, directing and monitoring the company's activities directly or indirectly, including any manager (whether executive or otherwise), whose salaries, wages, and the like during the year amounted to the following:

	nature of transaction	**December 31, 2023**	December 31, 2022
	Board members' remuneration	**4,529,704**	478,209
Board & Key senior management employees	Salaries and allowances	**7,430,388**	2,903,904
	Employee benefit obligations	**327,942**	289,468
		12,288,034	3,671,581

28. BUSINESS SEGMENTS

The Group is divided into business units according to the nature of their products and services. In order to manage them, I have the following business segments:

1 - Traditional meals
2 - Catering services
3 - Other segments

The following is a summary of some financial information by business sectors as at and for the years ending on 31 December 2023 and 2022, which are summarized according to the business segments mentioned above:

	Sector reports			
2023	**Traditional meals**	**Catering Services**	**Other segments**	**Total**
Revenue	146,174,675	27,772,535	3,426,524	177,373,734
Cost of revenue	(177,182,403)	(20,829,401)	(1,370,186)	(167,718,282)
Net loss	(31,007,728)	6,943,134	2,056,339	(30,889,166)
Sector assets	211,376,232	7,897,493	47,291,601	266,262,198
Sector liabilities	107,762,743	4,441,510	--	112,204,253

	Sector reports			
2022	**Traditional meals**	**Catering Services**	**Other segments**	**Total**
Revenue	148,956,869	7,481,997	2,738,737	159,177,603
Cost of revenue	(172,974,582)	(5,611,498)	(5,213,062)	(183,799,142)
Net loss	(24,017,713)	1,870,499	(2,474,325)	(24,621,539)
Sector assets	217,862,542	5,732,395	57,363,516	280,958,453
Sector liabilities	93,350,023	2,614,483	--	95,964,506

Geographical segments:

The Group operates mainly in the western region in the Western Kingdom of Saudi Arabia and also operates in other regions of the Kingdom of Saudi Arabia. The following is a summary of some information according to geographical regions as of 31 December 2023 and 2022.

	As at 31 December 2023, and for the year then ended:		
	Western region	**Other regions**	**Total**
Revenue	**173,947,209**	**3,426,525**	**177,373,734**
Property, plant and equipment	**131,983,079**	**--**	**131,983,079**

	As at 31 December 2022, and for the year then ended:		
	Western region	Other regions	Total
Revenue	154,550,196	4,627,407	159,177,603
Property, plant and equipment	131,278,056	--	131,278,056

29. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

The Group's activities expose it to a variety of financial risks, credit risk, liquidity risk, market price risk, currency risk and the risk of change in interest rates.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

29/1 FAINANCIAL RISK MANAGEMENT FRAMEWORK

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The most important types of risk are credit risk, currency risk and fair value and cash flow interest rate risks.

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Financial instruments carried on the balance sheet include cash and cash equivalents, trade and other receivables, loans, trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item

29/2 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 risk comprises of three types of risk: Interest rate risk, currency risk and other price risk.

29/2/1 Risks of change in buying and selling prices

Risks associated with changes in the prices of some commodities, which the Group is exposed to, which may have an undesirable impact on the Group's costs and cash flows. These commodity price risks arise from anticipated purchases of certain goods from raw materials used by the Group

29/2/2 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to fluctuations in foreign exchange rates. The Company is not significantly exposed to fluctuations in foreign exchange rates during its normal course of business, as the Company's core transactions during the period were denominated in Saudi Riyals and US Dollars. Thus, there are no significant risks associated with transactions and balances denominated in US Dollars

29. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

29/3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration risk arises when a number of counterparties engaged in similar business activities or activities in the same geographical region or have economic features that would cause them to fail their contractual obligations. To reduce exposure to credit risk, the Company has developed a formal approval process whereby credit limits are applied to its customers, which are based on comprehensive customer ratings and past repayment rates.

The management also continuously monitors the credit exposure related to its customers and makes provision against the expected credit losses. Standing balances of customers are continuously monitored. Cash and cash equivalents are placed with national banks with sound credit ratings. Trade and other receivables are mainly due from local customers. Trade receivables are stated at their estimated realizable values

The Company's gross maximum exposure to credit risk is as follows:

	Note	**December 31, 2023**	December 31, 2022
Financial assets			
Trade receivables	**11**	**8,893,297**	5,883,593
Bank balances	**12**	**5,982,440**	26,253,643
		14,875,737	32,137,236
Secured *		**5,982,440**	26,253,643
Unsecured		**8,893,297**	5,883,593
		14,875,737	32,137,236

As of December 31, 2023, secured financial assets include bank balances in the amount of 6 million SR (2022: 26 million SR) and trade receivables in the amount of 2,4 million SR (2022: 5,4 million SR)

29. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

29/4 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell financial assets quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available. The concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowings or reliance on a particular market in which to realize liquid assets. The following is the contractual maturities for financial liabilities at the end of the period, which are presented in gross and undiscounted amounts.

		Undiscounted contractual cash flows				
2023	**Total Book value**	**1 year or 3 years**	**3 years or so more**	**Interest accrued in the future**	**Total contractual maturity**	**Total contractual cash flows**
Financial Liabilities						
Loans	**10,195,158**	--	--	**219,849**	**10,415,007**	**10,195,158**
Trade payables	**12,274,664**	--	--	--	**12,274,664**	**12,274,664**
Accrued expenses and other payables	**15,282,167**	--	--	--	**15,282,167**	**15,282,167**
Lease liabilities	**10,361,073**	**31,175,336**	**20,783,558**	**32,427,756**	**94,747,723**	**62,319,967**
	48,113,062	**31,175,336**	**20,783,558**	**32,647,605**	**132,719,561**	**100,071,956**
2022						
Financial Liabilities						
Loans	7,000,000	8,756,984	--	1,658,059	17,415,007	15,756,984
Trade payables	8,646,384	--	--	--	8,646,384	8,646,384
Accrued expenses and other payables	6,043,337	--	--	--	6,043,337	6,043,337
Lease liabilities	6,197,186	18,591,558	24,533,792	50,257,981	99,580,517	49,322.536
	27,886,907	27,348,506	24,533,792	51,916,040	131,685,245	79,769,205

- It is not expected that the cash flow included in the maturity analysis cloud occur significantly earlier or significantly different amount

29. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

29/4 Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Group's adjusted net debt to net equity ratio was as follows:

	31 December, 2023	31 December, 2022
Total obligations	**112,204,253**	95,964,506
Less: Cash and cash equivalents	**(6,585,363)**	(27,465,154)
Net liabilities	**105,618,890**	68,499,352
Total equity	**154,057,945**	184,990,495
Adjusted shareholders' equity	**154,057,945**	184,990,495
Net obligations to equity	**0,69**	0,37

30. SIGNIFICANT EVENTS

A fundamental review and restructuring of key interest rate indices are currently being conducted globally, and in line with the Saudi Central Bank's goal of maintaining monetary and financial stability, it has been decided the following:

During the current year, the Saudi Central Bank decided to raise the rate of repurchase agreements (repo) by 2.25% from 3.75% to 6.00%. management is closely monitoring these changes to determine the potential financial impact on its business results during the coming periods.

31. SUBSEQUENT EVENTS

There are no other significant events subsequent to the year-end.

32. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation of the current year.

	December 31, 2022 before reclassification	Reclassification impact	December 31, 2022 after reclassification
Balance Sheet			
Assets held for sale	**8,328,290**	**(8,328,290)**	**--**
Prepayments and other debt balances	**7,046,111**	**8,328,290**	15,374,401

33. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 18 Ramadan1445H corresponding to 28 March 2024.