

**SINAD HOLDING COMPANY**

A SAUDI JOINT STOCK COMPANY

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024  
AND INDEPENDENT AUDITOR'S REPORT**

**SINAD HOLDING COMPANY**  
(A Saudi joint stock company)  
Consolidated financial statements  
For the year ended 31 December 2024  
**Index**

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## Independent auditor's report

To the shareholders of  
**Sinad Holding Company**  
A Saudi Joint Stock Company

**Riyadh – Kingdom of Saudi Arabia**

### Opinion

We have audited the consolidated financial statements of **Sinad Holding Company** (the “Company”) and its subsidiaries (together the “Group”), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

### 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the requirements of International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the “Code”), that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code’s requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

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

**Independent auditor's report to the shareholders of Sinad Holding Company a Saudi joint stock company for the year ended 31 December 2024 (continued)**

**Key audit matters (continued)**

Revenue from contracts with customers	
Key audit matter	How the key audit matter was addressed in our audit
<p>The group's net revenues for the year ended 31 December 2024 amounted to SR 1.75 billion (31 December 2023: SR 1.6 billion).</p> <p>Management recognizes revenue in accordance with the principles of International Financial Reporting Standard No 15 'Revenue from Contracts with Customers'.</p> <p>Most of the Group's revenue arrangements are straightforward, being recognized at a specific point in time and requiring the exercise of some judgement. In some cases, the Group provides a right of return and volume discount to its customers; This increases the level of judgment in recognizing revenue at the end of the year.</p> <p>The determination of trade discount amount depends on the following; significant judgments, number of purchases made by the concerned customers, and on the potential arrangement between the Company and its customer. In addition, determining a provision for goods that the customers have the right to return requires taking into account historical indicators.</p> <p>We have considered this matter as a key audit matter as revenue is a material area in the consolidated financial statements and serves as a key performance indicator. The recognition of revenue from contracts with customers requires management to apply significant assumptions.</p>	<p>We have performed the following procedures to audit revenue from contracts with customers:</p> <ul style="list-style-type: none"> <li>▪ Evaluating the Group policy of recognizing revenue in accordance with International Financial Reporting Standards (15) "Revenue from contracts with customers" ;</li> <li>▪ Evaluating the design, implementation, and testing of the operating effectiveness of the Group's controls over revenue recognition;</li> <li>▪ Testing a sample of contracts with customer, in particular the contractual terms related to variable consideration, such as volume discounts and rights to return, and performing recalculation accordingly;</li> <li>▪ Testing a sample of sales transactions that occurred before and after the end of the year to evaluate whether revenues were recognized in the correct accounting period;</li> <li>▪ Testing a sample of revenue transactions during the year and inspected the underlying goods delivery and acceptance notices to assess compliance with Company's revenue recognition accounting policy;</li> <li>▪ Auditing the management's methodology for calculating the provision for goods eligible for return and tested the reasonableness of assumptions by comparing them with actual results; and</li> <li>▪ Auditing the disclosures in the consolidated financial statements related to revenue from contracts with customers.</li> </ul>
For more details, please refer to notes (2-6 E /3 /4/5)	

**Independent auditor's report to the shareholders of Sinad Holding Company a Saudi joint stock company for the year ended 31 December 2024 (continued)**

**Key audit matters (continued)**

<b>Investments and financial assets and financial investments at fair value through income statement</b>	
<b>Key audit matter</b>	<b>How the key audit matter was addressed in our audit</b>
<p>As disclosed in the relevant notes to the consolidated financial statements, the Group holds financial investments comprising the following:</p> <ul style="list-style-type: none"> <li>Financial instruments quoted in an active market (Level 1) amounting to SAR 394 million as of December 31, 2024 (SAR 354 million as of December 31, 2023)</li> <li>Financial instruments not quoted in an active market (Level 3) amounting to SAR 300 million as of December 31, 2024 (SAR 308 million as of December 31, 2023).</li> <li>Financial instruments classified under Level 3 include some investments that are measured at cost rather than fair value, due to the lack of observable data to support their fair valuation.</li> </ul> <p>We considered this a key audit matter because:</p> <ul style="list-style-type: none"> <li>The measurement of financial instruments not quoted in an active market (Level 3) requires significant estimates by management</li> <li>The absence of observable market data has led management to measure some investments at cost, which requires significant judgment</li> <li>Changes in assumptions or the availability of new data could have a material impact on the financial statements.</li> </ul>	<p>We performed the following procedures to review the accounts of investment and financial assets and financial investments at fair value through income statement:</p> <ul style="list-style-type: none"> <li>Understand the accounting policies used to measure investments at fair value and cost;</li> <li>Auditing the sources of data used to determine the fair value of financial instruments quoted in an active market (Level 1) ;</li> <li>Evaluating the management's assumptions and models used to measure financial instruments not quoted in an active market (Level 3) when supporting data is available;</li> <li>Examining the management's analysis of investments measured at cost, and verifying that there is no observable data supporting their fair value measurement; and</li> <li>Verifying the adequacy of disclosures related to these financial instruments in the consolidated financial statements and their compliance with relevant accounting standards.</li> </ul>
For more details, please refer to notes (2-6 B/ 16/21/33)	



**Independent auditor's report to the shareholders of Sinad Holding Company a Saudi joint stock company for the year ended 31 December 2024 (continued)**

**Key audit matters (continued)**

Impairment of goodwill	
Key audit matter	How the key audit matter was addressed in our audit
<p>As at 31 December 2024, the Group has goodwill arising from a previous business combination amounting to SAR 157 million.</p> <p>According to IAS 36 – Impairment of Assets, an entity is required to test goodwill acquired in a business combination for impairment at least annually, regardless of whether there is any indication of impairment.</p> <p>Goodwill is monitored by management at the cash-generating unit (CGU) level. As at 31 December 2024, management conducted an impairment test for goodwill allocated to each CGU by determining the recoverable amount based on the value in use derived from a discounted cash flow model prepared based on the latest official business plan developed by the Group's management. This test did not result in any impairment loss to be recognized.</p> <p>We considered it as a KAM due to:</p> <p>As the assessment of the recoverable amount of goodwill based on value in use is complex and requires a significant management judgment, The key judgment areas in management's assessment include:</p> <p>(a) Assumptions regarding expected economic conditions, particularly growth in the markets in which the Group primarily operates;</p> <p>(b) Sales growth rate and pre-tax discount rates Tax in value-in-use model.</p>	<p>We performed the following procedures in relation to management's assessment of the impairment of goodwill:</p> <ul style="list-style-type: none"> <li>• We evaluated the methodology used by management to determine the recoverable amount based on the value in use of the assets in each cash-generating unit and compared it with the requirements of IAS 36. We inquired and discussed with management any changes made to the impairment model in the current year and tested the mathematical accuracy of the model;</li> <li>• We tested the accuracy and relevance of the input data used in the model by referring to supporting evidence, such as approved budgets, and considered the reasonableness of these budgets in comparison with the historical results of the Group's performance against the budgets;</li> <li>• We examined the methodology applied to support the value in use calculations and the use of key assumptions including, in particular, sales growth rates and pre-tax discount rates;</li> <li>• We performed sensitivity analysis on key assumptions, primarily sales growth rates and pre-tax discount rates, to assess the potential impact on a range of possible outcomes; and</li> <li>• We also tested the adequacy of the Group's disclosures included in the accompanying consolidated financial statements.</li> </ul>
For more details, please refer to notes (2-6 A/ 3/14/34)	

## **Independent auditor's report to the shareholders of Sinad Holding Company a Saudi joint stock company for the year ended 31 December 2024 (continued)**

### **Other information**

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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, when made available to us, if we 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 IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance, i.e., the Board of Directors is responsible for overseeing the Group's financial reporting process.

### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

**Independent auditor's report to the shareholders of Sinad Holding a Saudi joint stock company for the year ended 31 December 2024 (continued)**

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

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision, and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.



**Independent auditor's report to the shareholders of Sinad Holding a Saudi joint stock company for the year ended 31 December 2024 (continued)**

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**For Dr. Mohamed Al-Amri & Co.**



Gihad Al-Amri  
Certified Public Accountant  
License No. 362



Riyadh, on: 13 Ramadan 1446 H  
Corresponding to: 13 March 2025 G

**SINAD HOLDING COMPANY**  
(A Saudi joint stock company)  
Consolidated statement of income  
for the year ended 31 December 2024  
(Saudi Riyal)

	Notes	31 December 2024	31 December 2023 (Restated Note 38)
Revenue from contracts with customers	5	<b>1,753,988,853</b>	1,639,831,451
Cost of revenue	6	<b>(1,239,813,155)</b>	(1,267,174,808)
<b>GROSS PROFIT FROM REVENUE</b>		<b>514,175,698</b>	372,656,643
Dividend income from investments and financial assets	16 (D)	<b>1,695,105</b>	6,299,138
Gain from sale of investment property	13	-	15,800,000
Gain from valuation of financial investments at fair value through statement of income	21	<b>6,633,216</b>	10,006,675
Gain from valuation of equity instruments at fair value through statement of income	16 (B)	<b>4,440,300</b>	285,316
Gain from valuation of debt instruments at fair value through statement of income	16 (C)	<b>268,937</b>	10,205
<b>TOTAL GAIN FROM INVESTMENT</b>		<b>13,037,558</b>	32,401,334
<b>GROSS PROFIT</b>		<b>527,213,256</b>	405,057,977
Selling and distribution expenses	7	<b>(267,283,625)</b>	(284,331,567)
General and administrative expenses	8	<b>(153,534,372)</b>	(178,364,904)
Reverse / (Formed) provision for Expected credit losses	18	<b>16,349,068</b>	(38,154,219)
Other operating income, net		<b>5,645,370</b>	365,043
<b>TOTAL EXPENSES</b>		<b>(398,823,559)</b>	(500,485,647)
<b>NET INCOME / (LOSS) FROM OPERATIONS</b>		<b>128,389,697</b>	(95,427,670)
Other expenses, Net	31	<b>(19,767,363)</b>	(12,476,276)
Finance charges	9	<b>(60,063,992)</b>	(48,763,933)
<b>INCOME / (LOSS) BEFORE ZAKAT AND INCOME TAX</b>		<b>48,558,342</b>	(156,667,879)
Zakat	10 (A)	<b>(10,678,430)</b>	(14,977,006)
Income tax	10 (B)	<b>(12,387,308)</b>	(17,578,703)
<b>NET INCOME (LOSS) FOR THE YEAR</b>		<b>25,492,604</b>	(189,223,588)

The accompanying notes from 1 to 40 form an integral part of these consolidated financial statements

**SINAD HOLDING COMPANY**


(A Saudi joint stock company)

Consolidated statement of income (continued)

For the year ended 31 December 2024

(Saudi Riyal)

	Notes	31 December 2024	31 December 2023 (Restated Note 38)
<b>NET INCOME / (LOSS) FOR THE YEAR</b>			
<b>ATTIBUTABLE TO:</b>			
Shareholders of the Parent Company		(3,874,739)	(132,646,446)
Non-controlling interests		29,367,343	(56,577,142)
		<u>25,492,604</u>	<u>(189,223,588)</u>
Basic and diluted losses per share attributable to the Parent Company's shareholders	11	(0.03)	(1.05)


  
 Chairman of Board of Directors

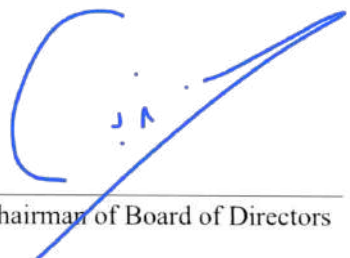

  
 Chief Executive Officer


  
 Acting as Chief Financial Officer

The accompanying notes from 1 to 40 form an integral part of these consolidated financial statements

**SINAD HOLDING COMPANY**  
(A Saudi Joint Stock Company)  
Consolidated statement of comprehensive income  
For the year ended 31 December 2024  
(Saudi Riyal)

	Notes	31 December 2024	31 December 2023 (Restated Note 38)
<b>NET INCOME / (LOSS) FOR THE YEAR</b>		<b>25,492,604</b>	<b>(189,223,588)</b>
<b>OTHER COMPREHENSIVE INCOME:</b>			
<b>Items can be reclassified to consolidated statement of income subsequently</b>			
Foreign currency translation reserve		<b>(62,720,925)</b>	<b>(27,365,779)</b>
<b>Items that will not be reclassified to consolidated statement of income subsequently</b>			
Net Gain (losses) on revaluation of equity instruments at fair value through other comprehensive income	16 (A)	<b>21,276,273</b>	<b>(6,465,000)</b>
Gain from sale of equity instruments at fair value through other comprehensive income transferred to retained earnings	16 (A)	<b>(2,887,203)</b>	-
Remeasurement of employee defined benefit liabilities	28	<b>2,106,875</b>	157,900
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(42,224,980)</b>	<b>(33,672,879)</b>
<b>NET COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(16,732,376)</b>	<b>(222,896,467)</b>
<b>ATTRIBUTABLE TO:</b>			
Shareholders of the Parent Company		<b>(18,544,984)</b>	<b>(154,406,023)</b>
Non-controlling interests		<b>1,812,608</b>	<b>(68,490,444)</b>
		<b>(16,732,376)</b>	<b>(222,896,467)</b>



Chairman of Board of Directors



Chief Executive Officer



Acting as Chief Financial Officer

The accompanying notes from 1 to 40 form an integral part of these consolidated financial statements

**SINAD HOLDING COMPANY**  
(A Saudi Joint Stock Company)  
Consolidated statement of financial position  
For the year ended 31 December 2024  
(Saudi Riyal)

	Notes	31 December 2024	31 December 2023 (Restated Note 38)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	616,757,685	663,995,678
Investment properties	13	52,440,203	52,440,203
Intangible assets	14	159,651,586	159,664,640
Right of use assets	15	38,527,138	33,823,728
Investments and financial assets	16	673,727,732	649,302,496
Deferred tax assets	10	1,006,018	1,038,490
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,542,110,362</b>	<b>1,560,265,235</b>
<b>CURRENT ASSETS</b>			
Inventory	17	379,704,610	362,189,827
Receivables	18	400,848,160	420,184,041
Prepaid expenses and other current assets	19	60,604,211	61,644,332
Non-current assets held for sales	12	-	2,954,779
Financial investments at fair value through statement of income	21	19,877,864	12,635,875
Investments at amortized cost	22	-	77,162,884
Cash and cash equivalent	23	79,414,492	102,842,295
<b>TOTAL CURENT ASSETS</b>		<b>940,449,337</b>	<b>1,039,614,033</b>
<b>TOTAL ASSETS</b>		<b>2,482,559,699</b>	<b>2,599,879,268</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Capital	24	1,263,888,890	1,263,888,890
Statutory reserve	25	-	219,249,829
Retained earnings (Accumulated losses)		68,232,326	(160,249,092)
Net loss on revaluation of equity instrument at fair value through other comprehensive income	16 (A)	(85,759,737)	(104,148,807)
Foreign currency translation reserve		(167,922,487)	(135,219,683)
<b>TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF PARENT COMPANY</b>		<b>1,078,438,992</b>	<b>1,083,521,137</b>
Non-controlling interests	26	273,200,284	268,259,253
<b>TOTAL EQUITY</b>		<b>1,351,639,276</b>	<b>1,351,780,390</b>

The accompanying notes from 1 to 40 form an integral part of these consolidated financial statements



**SINAD HOLDING COMPANY**

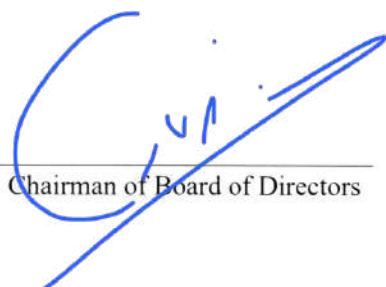
(A Saudi Joint Stock Company)

Consolidated statement of financial position (continued)

For the year ended 31 December 2024

(Saudi Riyal)

	Notes	31 December 2024	31 December 2023 (Restated Note 38)
<b>NON-CURRENT LIABILITIES</b>			
Islamic Murabaha financing contracts and long-term loans	27	50,243,057	38,888,893
Lease liabilities	15	27,847,292	24,028,719
Employee's defined benefits liabilities	28	75,713,883	82,016,595
Deferred tax liabilities	10	2,468,060	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>156,272,292</b>	<b>144,934,207</b>
<b>CURRENT LIABILITIES</b>			
Payables and other current liabilities	29	378,209,926	381,346,334
Short term Islamic Murabaha financing	30	471,888,822	585,116,092
Current portion of Islamic Murabaha contracts and long-term loans	27	49,583,333	38,407,832
Current portion of lease liabilities	15	14,154,120	17,748,576
Dividends payable		12,042,133	12,113,214
Zakat and income tax payable	10	48,769,797	68,432,623
<b>TOTAL CURRENT LIABILITIES</b>		<b>974,648,131</b>	<b>1,103,164,671</b>
<b>TOTAL LIABILITIES</b>		<b>1,130,920,423</b>	<b>1,248,098,878</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,482,559,699</b>	<b>2,599,879,268</b>



Chairman of Board of Directors



Chief Executive Officer



Acting as Chief Financial Officer

The accompanying notes from 1 to 40 form an integral part of these consolidated financial statements

**SINAD HOLDING COMPANY**  
(A Saudi Joint Stock Company)  
Consolidated statement of changes in equity  
For the year ended 31 December 2024  
(Saudi Riyal)

	Equity attributable to shareholders of the Parent Company							
	Capital	Statutory reserve	Retained earnings	Net loss on revaluation of equity instrument at fair value through OCI	Foreign currency translation reserve	Total equity attributable to the parent Company	Non-controlling interests	Total equity
<b>For the year ended 31 December 2024</b>								
Balance as at 1 January 2024	1,263,888,890	219,249,829	(160,249,092)	(104,148,807)	(135,219,683)	1,083,521,137	268,259,253	1,351,780,390
Net profit for the year	-	-	(3,874,739)	-	-	(3,874,739)	29,367,343	25,492,604
Gain from valuation of equity instruments at fair value through other comprehensive income	-	-	-	21,276,273	-	21,276,273	-	21,276,273
Other Items in Other Comprehensive Income	-	-	1,734,997	-	(34,794,312)	(33,059,315)	(27,554,735)	(60,614,050)
Gain from disposal of equity instruments at fair value through other comprehensive income transfer to retained earnings	-	-	-	(2,887,203)	-	(2,887,203)	-	(2,887,203)
Total comprehensive loss	-	-	(2,139,742)	18,389,070	(34,794,312)	(18,544,984)	1,812,608	(16,732,376)
Transfer from statutory reserve to amortise accumulated losses (Note 25)	-	(219,249,829)	219,249,829	-	-	-	-	-
Disposal of share equity in a subsidiary without loss of control (Note 26)	-	-	8,484,128	-	2,091,508	10,575,636	3,128,423	13,704,059
Gain on sale of equity instruments at fair value through other comprehensive income transferred from net revaluation losses on equity instruments at fair value through other comprehensive income	-	-	2,887,203	-	-	2,887,203	-	2,887,203
<b>Balance as at 31 December 2024</b>	<b>1,263,888,890</b>	<b>-</b>	<b>68,232,326</b>	<b>(85,759,737)</b>	<b>(167,922,487)</b>	<b>1,078,438,992</b>	<b>273,200,284</b>	<b>1,351,639,276</b>

  
Chairman of Board of Directors

  
Chief Executive Officer

  
Acting as Chief Financial Officer

The accompanying notes from 1 to 40 form an integral part of these consolidated financial statements

**SINAD HOLDING COMPANY**

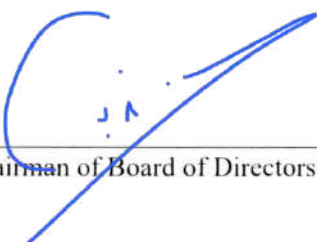
(A Saudi Joint Stock Company)

Consolidated statement of changes in equity (continued)

For the year ended 31 December 2024

(Saudi Riyal)

<u>For the year ended 31 December</u> <u>2023</u>	Equity attributable to shareholders of the Parent Company							
	Capital	Statutory reserve	Accumulated Losses	Net gain / (loss) on revaluation of equity instrument at fair value through OCI	Foreign currency translation reserve	Total equity attributable to the parent Company	Non-controlling interests	Total equity
Balance as at 1 January 2023	1,263,888,890	219,249,829	(27,498,813)	(97,683,807)	(120,028,939)	1,237,927,160	349,560,297	1,587,487,457
Net loss for the year	-	-	(132,646,446)	-	-	(132,646,446)	(56,577,142)	(189,223,588)
Loss from valuation of equity instruments at fair value through other comprehensive income	-	-	-	(6,465,000)	-	(6,465,000)	-	(6,465,000)
Other Items in Other Comprehensive Income	-	-	(103,833)	-	(15,190,744)	(15,294,577)	(11,913,302)	(27,207,879)
Total comprehensive loss	-	-	(132,750,279)	(6,465,000)	(15,190,744)	(154,406,023)	(68,490,444)	(222,896,467)
Dividend (Note 26)	-	-	-	-	-	-	(12,810,600)	(12,810,600)
Net loss for the year	1,263,888,890	219,249,829	(160,249,092)	(104,148,807)	(135,219,683)	1,083,521,137	268,259,253	1,351,780,390



Chairman of Board of Directors



Chief Executive Officer



Acting as Chief Financial Officer

The accompanying notes from 1 to 40 form an integral part of these consolidated financial statements

**SINAD HOLDING COMPANY**  
(A Saudi Joint Stock Company)  
Consolidated statement of cash flows  
For the year ended 31 December 2024  
(Saudi Riyal)

	Notes	31 December 2024	31 December 2023
<b>OPERATING ACTIVITIES</b>			
Profit / (Loss) before zakat and income tax		<b>48,558,342</b>	(156,667,879)
Adjustments:			
Finance charges of Murabaha and loans	9	<b>57,082,637</b>	46,284,633
Depreciation of property, plant and equipment	12	<b>58,571,368</b>	69,924,361
(gains) / Losses from sale of property, plant and equipment		<b>(4,859,116)</b>	15,999,279
Impairment in property, plant and equipment	12	<b>1,964,958</b>	7,084,255
Adjustments to lease contracts		<b>(4,718,917)</b>	-
Gain from sale of investment property	13	-	(15,800,000)
Amortization of intangible assets	14	<b>458,060</b>	438,467
Depreciation of right of use assets	15	<b>13,882,051</b>	15,060,931
Finance charges related to lease liabilities	15	<b>2,981,355</b>	2,479,300
Gain from valuation of investments in debt instruments at fair value through statement of income	16 (C)	<b>(268,937)</b>	(10,205)
Gain from valuation of equity instruments at fair value through statement of income	16 (B)	<b>(4,440,300)</b>	(285,316)
Dividend income from investments and financial assets	16 (D)	<b>(1,695,105)</b>	(6,299,138)
Provision for inventory, net	17	<b>5,675,322</b>	468,386
Reverse / (Formed) provision for Expected credit losses	18	<b>(16,349,068)</b>	38,154,219
Reversal of provision for credit losses for related parties	20	-	(251,697)
Losses on the sale of financial investments at fair value through statement of income		-	324,693
Gains from investment at fair value though statement of income	21	<b>(6,633,216)</b>	(10,006,675)
Employee's defined benefits liabilities	28	<b>9,259,163</b>	11,508,093
Gains from derivative financial instruments at fair value through statement of income	31	-	(1,377,940)
		<b>159,468,597</b>	17,027,767
<b>Changes in:</b>			
Receivables and other debit balances		<b>12,058,136</b>	61,726,503
Inventory		<b>(80,178,516)</b>	32,451,769
Payable and other current liabilities		<b>38,152,289</b>	11,972,924
Due From / to related parties		<b>(712,924)</b>	(265,673)
<b>Cash from operations</b>		<b>128,787,582</b>	122,913,290
Interest paid		<b>(54,104,443)</b>	(46,353,707)
Zakat and income tax paid	10	<b>(37,589,689)</b>	(39,030,835)
Employee's defined benefits liabilities paid	28	<b>(13,455,000)</b>	(23,803,249)
<b>Net cash generated from operating activities</b>		<b>23,638,450</b>	13,725,499

The accompanying notes from 1 to 40 form an integral part of these consolidated financial statements



**SINAD HOLDING COMPANY**  
(A Saudi Joint Stock Company)  
Consolidated statement of cash flows (continued)  
For the year ended 31 December 2024  
(Saudi Riyal)

	Notes	31 December 2024	31 December 2023
<b>INVESTING ACTIVITIES</b>			
Proceeds from investment income and financial assets	16 (D)	1,695,105	6,299,138
Proceeds from sale of investment properties		-	20,800,000
Paid for Purchase of property, plant and equipment and assets under constructions	12	(32,629,822)	(26,845,952)
Proceeds from sale of property, plant and equipment		8,162,436	20,059,786
Paid for Purchase of intangible assets	14	(228,520)	(265,277)
Paid for purchase financial investments at fair value through statement of income	21	(7,823,447)	(100,000)
Proceeds from the sale of financial investments at fair value through statement of income	21	7,214,674	25,538,661
Paid for purchase of investments and financial assets	16 (B)	(9,320,417)	(14,729,755)
Paid for purchase of financial investments at fair value through statement of income		-	(730,486)
Proceeds from the sale of financial investments at fair value through statement of income		-	405,793
Payments for additions to investments at amortized cost	22	77,162,884	(77,162,884)
Proceeds from the sale of a portion of an investment in a subsidiary	26	13,704,059	-
Proceeds from sale of investment and financial assets	16	10,880,690	-
<b>Net cash generated from / (used in) investing activities</b>		<b>68,817,642</b>	<b>(46,730,976)</b>
<b>FINANCING ACTIVITIES</b>			
Proceed from Islamic Murabaha financing contracts and loans		1,298,011,974	1,043,441,324
Paid for Islamic Murabaha financing contracts and loans		(1,391,687,773)	(1,139,695,862)
Share of non-controlling interest of dividend in a subsidiary Companies	26		(12,810,600)
Paid for derivative financial instruments			(16,500,000)
Lease liabilities payment	15	(15,007,570)	(15,734,433)
Dividends paid		(71,081)	(81,169)
Changes in restricted bank balances held for dividends		71,080	81,170
<b>Net cash used in financing activities</b>		<b>(108,683,370)</b>	<b>(141,299,570)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENT</b>		<b>(16,227,278)</b>	<b>(174,305,047)</b>
Effect of exchange difference from translation of cash and Cash equivalent		(7,129,445)	(16,297,101)
Cash and cash equivalent at the beginning of the year	23	90,892,314	281,494,462
<b>CASH AND CASH EQUIVALENT NOT RESTRICTED AT THE END OF THE YEAR</b>	23	<b>67,535,591</b>	<b>90,892,314</b>
Restricted cash at the end of the year	23	11,878,901	11,949,981
<b>CASH AND CASH EQUIVALENT AT THE END OF THE YEAR</b>	23	<b>79,414,492</b>	<b>102,842,295</b>

**MATERIAL NON-CASH TRANSACTIONS:**

**Investing activities**

Net Gain/ (loss) on revaluation of equity instrument at fair value through other comprehensive income	16	21,276,273	(6,465,000)
Transferred from of property, plant and equipment to investment properties	12	-	45,134,328

**Financing activities**

Foreign currency translation reserve		(62,720,925)	(27,365,779)
Additions and extension of lease contracts	15	19,235,815	11,721,063

Chairman of Board of Directors

Chief Executive Officer

Acting as Chief Financial Officer

The accompanying notes from 1 to 40 form an integral part of these consolidated financial statements



## **1. COMPANY'S INFORMATION**

Sinad Holding Company ("the Company" or the "Parent Company") was incorporated as a Saudi Joint Stock Company, in accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, according to Royal Decree No. 78 dated 7 Dhul- Qadah 1395 H (corresponding to 11 November 1975). The Company operates under Commercial Registration No. 5850000276 issued in Abha on 15 Muharam 1397 H, (corresponding to 5 January 1977). The Company is also listed in the Capital Market Authority in Kingdom of Saudi Arabia. The Parent Company is 53.18% owned by a major shareholder (Dala Al Baraka Holding Company) and 46.82% by other shareholders.

On 9th January 2022 (corresponding to 6 Jumada al-Tahni 1443), the shareholder's General Assembly approved to amend the Company's commercial name to be "Sinad Holding". During the year ended 31 December 2022, all legal procedures have been completed and the new amended commercial registration and article of association have been issued. The Company's headquarters has been modified to be in Riyadh.

The Company's activity is represented in the following:

- Managing its subsidiaries, or participating in managing other Companies in which it contributes and providing the necessary support to them.
- Investing in stocks and other securities.
- Owning real estate and movables necessary to carry out its activity.
- Providing loans, guarantees and financing to its subsidiaries.
- Owning industrial property rights such as patents, trademarks, industrial rights, franchises and other moral rights, and exploiting and leasing them to its subsidiaries or others.
- Any other activity consistent with the nature of the Company.

The registered office of the Company is CMC tower, Almalqa District, King Fahad Road, Riyadh, Kingdom of Saudi Arabia.

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION**

### **2.1 BASIS OF PREPARATION**

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

### **2.2 BASIS OF MEASUREMENT**

These consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments, which are measured at fair value, and employees' benefit liabilities, which are measured at the present value of future liabilities using the projected unit credit method.

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.3 FUNCTIONAL AND PRESENTATION CURRENCY**

These consolidated financial statements are presented in Saudi Arabian Riyals (SR), which is the functional and presentation currency of the Group, except when otherwise indicated.

### **2.4 GOING CONCERN ASSESSMENT**

The group's management has assessed the group's ability to continue its operations and has developed appropriate plans and solutions to address the challenges, including attracting experts specializing in the group's activities, conducting market research, and expanding into local and international markets to boost revenues and increase current assets, in addition to other measures. Accordingly, the group's management is fully convinced that the group has the ability and resources necessary to continue its operations and generate profits. Accordingly, the financial statements were prepared based on a Going concern basis.

### **2.5 BASIS OF CONSOLIDATION**

The consolidated financial statements include the financial statements of the Company and its subsidiaries ("the Group") as at 31 December 2024, Control is achieved when the Group owns, or has rights, to variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee)
- Right, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over 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 year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

## **2.BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

Income and each component of other comprehensive income are attributed to the shareholders of the parent of the Group and to the non-controlling interests even if this causes non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries, when there are significant differences between the Group and subsidiary, to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Any change in shares of a subsidiary, does not result in loss of control, is treated within equity.

If the Group loses control over a subsidiary, it derecognizes the assets (including goodwill) and liabilities and any components of equity related to the subsidiary. It also recognizes any profit or loss resulting from loss of control in the consolidated statement of income and recognizes any investment share retained at fair value.

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION**

The Group applied the following accounting policies consistently to all periods presented in these consolidated financial statements. Additionally, the Group adopted the disclosure of accounting policies (amendments to IAS 1 and IFRS 2 Practice Statement) effective 1 January 2023. The amendments require the disclosure of "material" accounting policies instead of "significant". The amendments did not result in any changes to the accounting policy itself, and did not materially change the disclosed accounting policy information.

The significant accounting policies adopted for the preparation of these consolidated financial statements are as follows:

#### **A) Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of derivatives embedded in the contracts entered from the acquiree. Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any interest held, over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in-excess of aggregate consideration transferred, the Group re-assesses whether it has correctly identified all assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of income.

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash- generating unit retained.

#### **B) Investments and financial assets**

##### ***1) Investments in associates***

Investment of the Parent Company in associates is accounted for using the equity method of accounting. An associate is an entity in which the Parent Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Under the equity method, the investment in an associate is recognized at cost in the consolidated statement of financial position plus changes in the Parent Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of income reflects the Parent Company's share of the results of operations of the associate. In addition, when there has been a change recognized directly in the equity of the associate, the Parent Company recognises its share of any changes, when applicable, in the consolidated statement of other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Parent Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Parent Company.

After application of the equity method, the Parent Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each date of consolidated statement of financial position, the Parent Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Parent Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of results of an associate' in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **2) *Equity instruments at fair value through other comprehensive income***

##### *Unquoted shares and interests*

Fair value is determined based on the market value when there is an open market, in the absence of an open market, fair value is determined based on the market value of a similar investment or on the basis of predicted discounted cash flows and other related factors.

Changes in fair value are credited / charged to the consolidated statement of other comprehensive income. Where there is objective evidence that investments may be impaired, the fair value of the investment is determined. The impairment loss is recognized in the consolidated statement of other comprehensive income. In assessing impairment, the expected future cash flows and other factors are taken into consideration. Where partial holdings are sold, the related carrying value of such investments are accounted for on a weighted average basis.

#### **3) *Debt instruments at fair value through profit or loss***

##### *Investments in Funds*

The fair value is determined based on the market value when there is an open market, and in the absence of an open market, the fair value is determined on the basis of the market value of the fund units or on the basis of the expected discounted cash flows and other related factors.

Changes in fair value are recorded / charged to the consolidated statement of income.

#### **4) *Investment properties***

Investments held to realize rental revenue or capital returns as investments properties.

Investment properties are recorded at cost and are stated at cost less accumulated depreciation and any impairment in value. The lands owned are not depreciated. The cost of other property is depreciated on a straight-line basis over the estimated useful lives of the assets.

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

Expenditure for repair and maintenance are charged to the consolidated statement of income as incurred. Improvements that increase the value or materially extend the life of the related assets are capitalised.

### **C) Current versus non-current classification**

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle of the Group
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the date of the consolidated financial position, or



## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **C) Current versus non-current classification (continued)**

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the date of the consolidated financial position.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle of the Group
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the date of the consolidated financial position, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the date of the consolidated financial position.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

#### **D) Fair value measurement**

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

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

The most advantageous market to which the Group has access at that date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, with the assumption that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into an account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilise the asset in its highest and best use.

The Group uses evaluation techniques in line with circumstances and conditions and available data to measure fair value and maximise the observable inputs and minimise the non-observable data to a large extent.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **D) Fair value measurement (Continued)**

- Level 1 - Quoted market prices in active markets for identical assets or liabilities
- Level 2 – Other valuation techniques that are significant to the fair value measurement is directly or indirectly observable
- Level 3 - Inputs that are significant to the fair value measurement is unobservable

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

#### **E) Revenue from contracts with customers**

Revenues from contracts with customers are achieved when the control over goods or services is transferred to the customer with a consideration reflects the amount which the Group expects to obtain against such goods or services.

The following considerations are to be achieved before recognition of revenues:

##### ***(I) Sale of goods***

Income from sale of goods should be recognized when control of the asset is transferred to the customer, generally on delivery of the finished goods.

The Group takes into account the extent of availability of other promises in the contract that represent an independent performance obligation allocated with part of the transaction price (i.e., guarantees, quantity discount). In the process of determination of transaction price for the sale of goods, the Group takes into consideration the effect of variable price, the availability of significant finance elements, non-cash consideration and consideration payable to the customer (if any).

##### **Variable consideration**

If the price in the contract includes a variable consideration, the Group then estimates the amount of consideration that the Group will deserve against the transfer of goods to the customer. The variable price is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved and continues constrained until it becomes strongly probable to recognize a significant revenue in the recognized accumulated amount of the revenue. Certain contracts to sell goods give customer the right to return and right to obtain quantity discount. Both right of return and quantity discount may lead to the increase of variable consideration.

##### **Rights of return**

When a contract provides a customer with a right to return the goods within a specified period, the Group uses the expected value method to estimate the goods that will be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The Group applies the requirements in IFRS 15 on constraining estimates of variable consideration to determine the amount of variable consideration that can be included in the transaction price. For the goods expected to be returned, instead of obtaining revenues from, the Group recognizes a return obligation and a right to return asset is recognized (with corresponding adjustment on the sales cost)

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **E) Revenue from contracts with customers (Continued)**

under products with customer's right to return.

##### Trade discount

The Group offers discount on quantities with prospective effect to certain customers in case the purchased quantity of products during the period exceeds the specified limit in the contract. The discounts are offset against amount payable to the customer. To determine the variable consideration of the future expected discounts, the Group applies the most probable amount for the contracts with one limit for quantity discount and the expected value method for the contracts of more than one limit to obtain discounts on quantities. The number of limits of trade discount in the contract primarily determine the best method which predicts best variable consideration. Then the Group applies the requirements of constrained estimates on the variable consideration and recognizes a liability against the future expected discount returns on quantities.

##### Income from dividends

Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

##### Revenue from contracts with customers

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

**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 Company 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 Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

**Step 5** - Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company recognizes revenue at the point in time at which the customer obtains control of a promised asset and the entity satisfies the performance obligations. The Company considers the below mentioned indicators to assess the transfer of control of the promised asset:

- the Company has a present right to payment for the asset
- the customer has legal title to the asset
- the Company has transferred physical possession of the asset

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **E) Revenue from contracts with customers (Continued)**

- The customer has the significant risks and rewards of ownership of the asset - the customer has accepted the asset

IFRS 15 divides contract fulfilment costs into two categories: (1) those that give rise to an asset and (2) those that are expensed as incurred. When determining the appropriate accounting treatment for these costs, any other applicable standards should be considered first. If other accounting standard precludes the recognition of an asset for a particular cost, an asset cannot then be recognized under IFRS 15.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment, excluding taxes and duty and is recorded net of trade discounts and volume rebates.

#### ***Finance revenues***

Income from Murabaha deals (commission) and financial assets associated with commission is recognized by using the effective return rate which is the rate that decreases the expected future cash payments or proceeds throughout the shorter of assumed life of the financial instruments or less period as required against the net carrying amount of the financial asset or liability.

#### **F) Expenses**

All expenses including operating expenses, general and administrative expenses, and other expenses are recognized and stated at the consolidated statement of income in the year in which such expenses are realized.

Selling and distribution expenses are those expenses related to salesmen distribution other related contingent expenses. All other expenses are classified as general and administration expenses.

#### **G) Zakat and taxes**

##### ***Zakat***

Zakat provision for the Parent Company and subsidiaries is provided for in accordance with the financial regulations in the Kingdom of Saudi Arabia. The provision is charged to the consolidated statement of income. Additional amounts, if any, that may become due on finalization of an assessment are accounted for in the year in which assessment is finalized.

##### ***Current income tax***

Current income tax assets and liabilities and previous periods related to one of the subsidiaries outside the Kingdom of Saudi Arabia are measured at the amount expected to be recovered from or Income tax assets and liabilities for the current and previous periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the date of the statement of financial position.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **G) Zakat and taxes (continued)**

##### ***Deferred tax***

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the date of preparing the consolidated financial position.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each date of the financial position and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognized deferred tax assets are re-assessed at each date of financial position and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the consolidated financial position.

Deferred and current tax is recognized as revenue or expense in the consolidated income. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in partners' equity.

Deferred tax relating to items recognized outside profit or loss is recognized outside consolidated



## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **G) Zakat and taxes (continued)**

##### ***Deferred tax (Continued)***

statement of income. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority for the same taxable entity before the same tax Authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as not exceeding goodwill) if it was incurred during the measurement period or recognized in consolidated profit or loss.

##### ***Sale Taxes***

Revenue, expenses and assets are recognized at net value (net of sales taxes) except in the following cases:

- If sales taxes accrued on the acquisition of assets or services not refunded from Tax Authority, in this case, sales taxes are recognized as a part of the asset purchase or a part of expense items based on the case itself.
- Including accounts receivable and payable in taxes on sales.

Net taxes on sales which can be refunded or paid to Tax Authority - is accredited to accounts receivable or payable in the statement of financial position.

#### **H) Foreign currencies**

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency prevailing rate at the date the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the date of preparing consolidated statement of financial position.

##### ***1) Transactions and balances***

Differences arising on settlement or translation of monetary items are recognized in the consolidated statement of income, except for the monetary items that are designated as part of the hedge of the Group's net investments of the foreign subsidiary. These are stated in the consolidated statement of comprehensive income until the net investment is disposed of. Then, they are recognized in the consolidated statement of income. Tax charges and changes resulting from exchange differences on those monetary items are also recorded in consolidated statement of comprehensive income.

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### ***1) Transactions and balances***

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the major transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on re-translation of non-monetary items measured at fair value are treated in line with the recognition of gain or loss on change in fair value in the item (differences from translation of items which are recognized at change in fair value in the consolidated statement of comprehensive income and consolidated statement are treated the same way respectively).

#### ***2) Group's Companies***

On consolidation, the assets and liabilities of foreign operations are translated into Saudi Riyals (SR) at the rate of exchange prevailing at the date of preparing the consolidated financial statements and translation of the items in consolidated statement of income at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are directly recognized in consolidated statement of other comprehensive income. On disposal of a foreign subsidiary, the OCI component relating to that particular foreign operation is recognized in the consolidated statement of income.

Any goodwill arising on the acquisition of a foreign subsidiary and any fair value adjustments to the fair value of assets and liabilities credited by carrying amount arising on the acquisition are treated as assets and liabilities of the foreign subsidiary and translated at the closing rate at the date of the consolidated financial statement.

#### **I) Dividends**

Cash or non-cash distributions to shareholders in the Parent Company are recognized as liabilities when the distribution is authorized. As per the Regulations for Companies in KSA, a distribution is authorized when it is approved by the shareholders. The directly distributed amount is deducted from shareholders' equity and recognized as a liability. Board of directors has the right to recognize interim dividends, provided that dividends will be approved by the next general assembly.

Non-cash distributions, if any, are measured at the fair value of the assets to be distributed with fair value re-measurement recognized directly in equity.

Upon the distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in the consolidated statement of income.

#### **J) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replaced parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **J) Property, plant and equipment**

criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a comprehensive inspection is performed, its cost is recognized in the carrying amount as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in consolidated statement of income as incurred.

Depreciation is calculated on a straight-line basis over estimated useful lives of the assets.

During the year 2023 Management has changed the estimated useful lives based on the commitment to maintain the assets in the best operating condition to be compatible with the activity and nature of the operating assets as follows:

<b>Property, plant and equipment</b>	<b>Previous estimated</b>	<b>Current estimated</b>
Buildings	10-33 years	10-33 years
Leasehold improvements	25 years or the lease term, whichever is shorter	25 years or the lease term, whichever is shorter
Plant and equipment	10-16 years	10-16 years
Furniture and fixtures	4-10 years	4-10 years
Computers and software	4-10 years	4-10 years
Motor vehicle	4-8 years	4-10 years

Property, plant and equipment are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in the consolidated statement of income when the asset is derecognised.

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

#### **K) Capital Work in Progress**

Capital work in progress represent all costs directly or indirectly attributable to projects in progress and are capitalized as property, plant and equipment when such projects are completed. Work in progress is not depreciated.

#### **L) Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### ***Group as a lessee***

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### ***1) Right-of-use assets***

The Group recognizes a right-of-use asset from a lease contract at the commencement date of the lease (which is the date that the underlying asset is made available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any re-measurement of the lease liability. The cost of the right-of-use asset includes the amount of lease liability recognized, any initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term or the estimated useful life of the asset, whichever is shorter.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Please refer to accounting policies under "Impairment of non-financial assets".

#### ***2) Lease liabilities***

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date of the lease, the lease liabilities are increased to reflect the interest and decrease the amount when leases payments occur. In addition, the carrying amount of lease liabilities are re-measured if there is an adjustment or change in the lease term or payments (any change in future payments resultant from change in index or rate used to determine such payments) or change in assessment of purchase option of underlying asset.

#### ***3) Short-term leases and leases of low-value assets***

The Group applies the recognition exception for short-term leases to its short-term leases (the lease term is 12 months or less from the commencement date and does not include a purchase option). It also applies the recognition exception for leases of low-value assets to its leases that are considered to be of low value. Lease payments, whether for short-term leases or for low-value assets, are recognized as an expense on a straight-line basis over the term of the lease.

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **M) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalized as part of the cost of specific assets. Borrowing costs are credited to the consolidated statement of income. Borrowing costs represent commission costs and other costs incurred by the entity in related with the borrowing funds.

#### **N) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired as result of business combination is considered the fair value at the acquisition date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets generated inside the entity (except for the capitalised development costs) are not capitalised and stated in the consolidated statement of income for the year in which it occurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset 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 pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in the consolidated statement of income under expenses in line with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is derecognised.

#### **O) Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### **1) Financial Assets**

###### ***Initial recognition and measurement***

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through consolidated profit or loss.

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **O) Financial Instruments**

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. As mentioned in the accounting policies in section (E) "Revenues from contracts with customers".

In order for a financial asset of any debt instrument to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows which are not within SPPI are classified and measured at fair value through the consolidated comprehensive income statement regardless of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are maintained through the other comprehensive income within the business model for the purpose of holding the financial assets to collect contractual cash flows from and sale.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### ***Subsequent measurement***

For purposes of subsequent measurement, financial assets are classified in the following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
- Financial assets at fair value through profit or loss.

#### **Financial assets at amortised cost (debt instruments)**

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in consolidated statement of comprehensive income when the asset is derecognised, modified or impaired.



The Group's financial assets at amortised cost includes trade receivables and other receivables.

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **Financial assets at fair value through OCI (debt instruments)**

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon de-recognition, the cumulative fair value change recognised in OCI is recycled to consolidated statement of comprehensive income.

#### **Financial assets designated at fair value through OCI (equity instruments)**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to consolidated statement of comprehensive income. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. Currently, the Group does not have any equity instrument designated at fair value through OCI.

#### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are carried out and net changes in the fair value is recognized profit or loss.

Dividends from investments in listed stocks are recognized as other income in the consolidated statement of comprehensive income when the right to pay is established.

#### **Derecognition**

A financial asset (a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, when it has neither transferred nor retained substantially all of the risks

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the asset to the extent of its continuing involvement. In that case, the Group also recognises an

associated liability. The associated liability and transferred asset are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### **Impairment of financial assets**

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through the consolidated statement of comprehensive income. The ELCs are based on the difference between the contractual cash flows payable in accordance with the contract and all the cash flows that the Group expects to receive, discounted by approximately the original EIR. The cash flows include the expected cash flows from sale of collaterals held or other credit enhancements which are considered an integral part of the contractual conditions.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies a simplified approach for low credit risks. As at the reporting date, the Group assessed whether the debt instruments include low credit risks by using all reasonable and supporting information available with no additional cost or effort. When the Group assess, the Group re-assess the internal credit classification of the debt instruments. In addition, the Group considers that there is a significant increase in the credit risks when the contractual payments due for more than 30 days as of its maturity date.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **2) Financial liabilities**

##### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through the consolidated statement of comprehensive income, as loans, borrowings, payables, derivatives designated as effective hedging instruments, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade payables, accruals, Islamic Murabaha contracts; including overdraft facilities and derivatives.

##### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below. Financial liabilities at fair value through the consolidated statement of comprehensive income include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through the consolidated statement of comprehensive income.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the consolidated statement of comprehensive income. The financial liabilities designated upon initial recognition as at fair value through the consolidated statement of comprehensive income if and only if they satisfy the requirements of IFRS 9.

##### **Financial liabilities at amortized cost (loans and borrowings)**

The is the most relevant category to the Group. After initial recognition, commission-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in the consolidated statement of comprehensive income liabilities are de-recognized as well as through amortization process using EIR. The amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the consolidated statement of comprehensive income.

##### **Derecognition**

Financial liabilities are derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such replacement or modification is treated as the derecognition of the original liabilities and the recognition of new liabilities. The difference in the respective carrying amount is recognized in the consolidated statement of comprehensive income.

#### **3) Offsetting of financial instruments**

Financial assets and liabilities are offset with the net amount represented in the consolidated

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

statement of financial position only, if there is a 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.

#### **4) Derivative financial instruments**

The Group uses derivative instruments, such as interest rate swaps.

Such derivative instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss.

#### **P) Inventories**

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is determined as follows:

Raw materials and spare parts	Purchase cost on weighted average basis
Work in progress and finished goods	Cost of direct materials, labor and a proportion of overheads based on the normal activity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### **Q) Impairment of non-financial assets**

The Group assesses, at each date of preparing consolidated financial statements, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset or CGU's fair value less costs of selling the asset or its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate future cash inflows that are largely independent of those from other assets or Groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount as it impaired. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-zakat / tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of selling, similar market transactions are taken into account- if available or an appropriate valuation model is used. These

## **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **Q) Impairment of non-financial assets (continued)**

calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.

To cover longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations including inventories are recognized in the consolidated statement of income in expense category consistent with the function of the impaired assets.

For all assets, excluding goodwill, an assessment is made at the date of each statement of consolidated financial position to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset 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 exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

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

#### ***Intangible assets***

Intangible assets with indefinite useful lives are tested for impairment annually on 31 December, either individually or at the cash-generating unit level if appropriate and when the conditions indicate the impairment of the carrying amount

Impairment is determined by assessing the recoverable amount for each cash generating unit (or a group of units) related to goodwill. In case the recoverable amount of the cash generating unit become lower than the carrying amount, impairment is recognized and goodwill impairment cannot be reversed.

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **R) Cash and cash equivalents**

Cash and cash equivalents comprise of cash balances, cash on hand, term deposit convertible to cash and mature in a period less or more than 3 months and not subject for value changes, if any.

For purpose of preparing the consolidated statement of cash flows, cash and cash equivalents consist of cash balances, cash in hand, short term deposits which were previously mentioned net of overdraft as they are considered as a part of the Group's cash management.

#### **S) Trade accounts receivable**

Trade accounts receivable are stated at original invoice amount net of impairment losses.

Impairment losses are measured as the difference between the carrying amount of trade account receivable and the present value of the expected future cash flows. Such impairment losses are recognized in the consolidated statement of income. Reversal of impairment losses are recognized in the period at which they occur.

#### **T) Provisions**

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

When the Group expects some or all of provisions to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

#### **U) Employees' defined benefits liabilities**

The Group operates a defined benefit pension plan for its employees as per Saudi labour law. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net returns on the net defined benefit liability, and the return on plan assets (excluding amounts included in net returns on the net defined benefit liability), are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to consolidated income statement in subsequent periods.

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **U) Employees' defined benefits liabilities (Continued)**

Past service costs are recognized in consolidated statement of income either on:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net commission is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'cost of sales', 'administrative expenses' and 'selling and distribution expenses' in the consolidated statement of income (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net finance cost or income.

#### **V) Finance**

Finance is initially recognized in the amounts received and classified under amounts due within one year under current liabilities, unless the Company has the right to delay the repayment of the financing for a period exceeding one year after the date of the budget. Then, the loan balance is presented under long-term liabilities.

After initial recognition, financing is measured on amortization cost basis by effective return rate method. Gains and losses resulting from derecognition of liabilities plus amortization method in effective return rate method are recognized in the consolidated statement of income.

Amortization cost is calculated by taking into account any discount or premium at the purchase time as well as fees and costs which are part of effective return rate. Amortization is recognized in effective return rate under financing costs in the consolidated statement of income.

#### **W) Non-current Non-current assets held for sale and discontinued operations**

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets classified as held for sale when the sale is highly probable, and the asset is available for immediate sale. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment are not depreciated once classified as held for sale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount in the statement of profit or loss.



## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **X) Segment reporting**

A segment is a distinguishable component of the Group that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to gains and losses that are different from those of other segments. The risks and benefits of each sector differ from the other. Since the Group carries out part of its activities outside the Kingdom of Saudi Arabia, the Group reports under geographical segment.

#### **Y) Group's Information**

Below are details of the Group's subsidiaries:

<b>Subsidiaries</b>	<b>Country of incorporation</b>	<b>Holding percentage</b>	
		<b>31 December 2024</b>	<b>31 December 2023</b>
Aseer Al Arabiah for Industrial Investment Company Limited (Single owner Company LLC) and subsidiaries (see notes 1 below)	Kingdom of Saudi Arabia	<b>100%</b>	100%
Al Khawatem for Trading and Contracting Company Limited (Single owner Company LLC)	Kingdom of Saudi Arabia	<b>100%</b>	100%
Al Mawajed International for Real Estate Development Company Limited (Single owner Company LLC)	Kingdom of Saudi Arabia	<b>100%</b>	100%
Fast Delivery Company for Logistics Services (Single owner Company LLC)	Kingdom of Saudi Arabia	<b>100%</b>	100%

1- Following are the subsidiaries included in the consolidated financial statements of Aseer Al Arabiah for Industrial Investment Company Limited (a subsidiary of the Parent Company):

<b>Subsidiary</b>	<b>Activity</b>	<b>Country of incorporation</b>	<b>Holding percentage</b>	
			<b>31 December 2024</b>	<b>31 December 2023</b>
Halawani Brothers Company (a Saudi Joint Stock Company) (see note 2 below)	Manufacturing, packaging, wholesale and retail trade of food products	Kingdom of Saudi Arabia	<b>54.82%</b>	55.51%
Al Rabie Saudi Foods Company (a Saudi Closed Joint Stock Company)	Manufacturing of dairy, dairy products, juices, drinks	Kingdom of Saudi Arabia	<b>57.30%</b>	57.30%
Textile & Readymade Garments Company Limited (Limited Liability Company)	Production of Saudi Thobe and uniforms	Kingdom of Saudi Arabia	<b>62.30%</b>	62.30%

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

### **2.6 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**

#### **Y) Group's Information (continued)**

2- The consolidated financial statements of Halawani Brothers (a Saudi joint stock company) include the following subsidiaries:

<b>Subsidiary</b>	<b>Activity</b>	<b>Country of incorporation</b>	<b>Holding percentage</b>	
			<b>31 December 2024</b>	<b>31 December 2023</b>
Halawani Brothers Company (a Closed Joint Stock Company)	Food manufacturing, packaging and trading	Egypt	<b>100%</b>	100%
Foodco company (Limited)*	Investment	Cayman	<b>100%</b>	-
Halijpt Company (Limited) *	Investment	Cayman	<b>100%</b>	-

\* Neither company has been operational yet.

## **3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of preparing the consolidated financial statements. Uncertainty about these assumptions and estimates could result in making material adjustments to the values of asset or liabilities affected in future periods.

### **Estimates**

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of preparing the consolidated financial statements, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the subsequent fiscal year, are described below. The Group based its assumptions and estimates on parameters available at the date of preparing the consolidated financial statements. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### *Estimating variable consideration for returns*

The Group estimates variable considerations to be included in the transaction price for the sale of products with rights of return and volume rebates. The Group developed a statistical model for forecasting sales returns. The model used the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

### **3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

#### **Estimates (Continued)**

The Group has applied the following provisions that materially affect the determination of the amount and timing of revenue from contracts with customers:

- Determining performance obligations in a transaction of selling goods.
- Determine sales verification dates.
- Determining the method of estimating the variable price and evaluating the restrictions: Some contracts for the sale of goods include the right of return and a commercial discount, and this increases the variable price. In the context of estimating the variable price, the Group should use the expected value method or the most probable amount method based on choosing the best method by which to better forecast the amount of variable price that the Group is entitled to in exchange for the goods.
- The Group decided that the expected value method is the appropriate method to use in estimating the variable price of sales of goods with return rights based on the large number of customer contracts that have the same characteristics. In the context of estimating the variable price of sales of merchandise with a trade discount, the Group decided to use a combination of two methods: the most probable amount method and the expected value method. The chosen method is one that best predicts the amount of the variable price based on the number of quantitative ceilings included in the contract.

#### *Impairment of trade accounts receivable*

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and an allowance applied according to the length of time past due, based on historical recovery rates.

#### *Impairment of inventory*

Inventories are held at the lower of cost and net market value. When inventories become old or obsolete, an estimate is made of their market value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and an allowance applied according to the inventory type and the degree of ageing or obsolescence, based on the expected net realizable value, which represents the expected selling price minus the estimated costs of completing the sale.

#### *Defined employees benefit plan*

The cost of defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each date of consolidated financial statements.

### **3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

#### **Estimates (Continued)**

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are removed from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary's increases and pension increases are based on expected future inflation rates for the respective countries.

#### *Fair value measurement of financial instruments*

When the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on some instruments and derivatives in active markets, their fair value is determined using valuation techniques including the pricing models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgment includes consideration of inputs such as liquidity, credit, and price fluctuation risks. Changes in assumptions related to these factors may affect the reported fair value of financial instruments.

#### *Useful lives of property, plant and equipment*

The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives are different from the previous estimates.

#### *Intangible assets*

Costs with long-term benefits are classified as intangible assets. They are amortized over the estimated period of use. The carrying amount of intangible assets are reviewed when there are indications or changes in circumstances referring to the inability of recovering the carrying amount. In case such evidence exists and the carrying amount exceeds the estimated recoverable amount, the assets are written down to their recoverable amount representing the present value. The increase in the carrying amount over the estimated recoverable amount is carried at the consolidated statement of income.

#### *Impairment of non-financial assets*

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal is based on available data from binding sales of long-term transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

### **3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

#### **Estimates (Continued)**

##### *Impairment of non-financial assets (Continued)*

The cash flows are derived from the estimated budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is based on the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

##### *Taxes*

Uncertainties exist with respect to the interpretation of compound tax regulations, amount, and timing of taxable income in future. Given the wide range of international business relations, long-term nature, present structured contractual agreements and differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to income tax and expenses already recorded. Provisions, based on reasonable estimates, are recorded for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amounts of such provisions are based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Group's domicile. Contingent liabilities are not recognized when the Group assesses the ability to start proceedings of litigation and the existence of cash flows for deferred funds.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant judgement by management is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

#### **Judgments**

##### *Satisfaction of performance obligations*

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Company has assessed that based on the sale and purchase agreements entered into with customers and the provisions of relevant laws and regulations, the Company's contracts with customers for the sale of finished goods generally include one performance obligation. The Company has concluded that revenue from sale of finished goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the finished goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition.

##### *Component parts of property, plant and equipment*

The Group's assets, classified within property, plant and equipment, are depreciated on a straight-line basis over their economic useful lives. When determining the economic useful life of an asset, it is broken down into significant component parts such that each significant component part is depreciated separately. Judgement is required in ascertaining the significant components of a larger asset, and while defining the significance of a component, management considers quantitative materiality of the component part as well as qualitative factors such as difference in useful life as compared to mother asset, its pattern of consumption, and its replacement cycle/maintenance schedule.

### **3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

#### **Judgments (continued)**

##### *Determining the lease term of contracts with renewal and termination options – Group as lessee*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset)

##### *Leases - Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the Group’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates. For example, credit rating for the subsidiary.

##### *Swap agreement*

The management has analyzed the requirements of hedge accounting qualification criteria and identified that although the swap may be designated as an eligible hedging instrument. Based on the agreement, the Company does not have any eligible hedged item, with which contain an economic relationship that can be established e.g. designating a floating rate asset as a potential eligible hedged item. Given that the hedge accounting cannot be achieved, an accounting analysis has been prepared for the recognition of the Swap in financial statements as per IFRS 9. The accounting analysis prepared by management concluded that the Swap agreement is falls within the definition of derivative as:

- its value changes in response to the changes in the specified interest rate;
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- it will be settled at a future date as per periodic maturity dates.



### **3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

#### **Judgments (continued)**

Unless the derivative is a financial guarantee contract or a designated and effective hedging instrument, derivatives are deemed to be a held for trading instrument and are measured at fair value through profit or loss. Additionally at initial recognition, the Group shall measure a financial asset or financial liability at its fair value.

### **4. SEGMENTAL INFORMATION**

A segment is a distinguishable component of the Group that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), and its profits and losses are different from other segments.

The Group uses business segment and geographical segment. The Group performs its activities in Kingdom of Saudi Arabia and Republic of Egypt and other countries. The selected financial information for geographical and business segments as at 31 December 2024 and 31 December 2023 as the following:

#### **A) Business Segments**

The Group's business segments are represented in the investment and industrial segments. Following is selected information about each of those two segments:

	<i>Investment segment SR'000</i>	<i>Industrial segment SR'000</i>	<i>Total SR'000</i>
<b>31 December 2024</b>			
Total assets	902,432	1,580,128	2,482,560
Total liabilities and non-controlling interests	281,718	1,122,403	1,404,121
Net revenues and investment income	23,651	1,743,375	1,767,026
Gross Profit	4,939	522,274	527,213
Depreciation	5,141	67,770	72,911
Property, plant and equipment and projects under construction	2250	614,508	616,758
Capital expenses	336	32,294	32,630
	<i>Investment segment SR'000</i>	<i>Industrial segment SR'000</i>	<i>Total SR'000</i>
<b>31 December 2023</b>			
Total assets	913,460	1,686,419	2,599,879
Total liabilities and non-controlling interests	245,561	1,270,797	1,516,358
Net revenues and investment income	36,199	1,636,033	1,672,232
Gross profit	18,269	386,789	405,058
Depreciation	4,250	81,174	85,424
Property, plant and equipment and work in progress	3,042	660,954	663,996
Capital expenses	464	26,382	26,846

#### **4. SEGMENTAL INFORMATION (CONTINUED)**

##### **B) Geographical segments**

<i>31 December 2024</i>	<i>Kingdom of Saudi Arabia</i>	<i>Egypt</i>	<i>Other Arab and foreign countries</i>	<i>Eliminations</i>	<i>Total</i>
<u>Description</u>	<u>(000')</u>	<u>(000')</u>	<u>(000')</u>	<u>(000')</u>	<u>(000')</u>
Revenue from contracts with customers	<b>1,058,767</b>	<b>416,028</b>	<b>280,849</b>	<b>(1,655)</b>	<b>1,753,989</b>
Total assets	<b>2,351,769</b>	<b>198,287</b>	<b>-</b>	<b>(67,496)</b>	<b>2,482,560</b>
Total liabilities	<b>1,000,129</b>	<b>133,337</b>	<b>-</b>	<b>(2,546)</b>	<b>1,130,920</b>

<i>31 December 2023</i>	<i>Kingdom of Saudi Arabia</i>	<i>Egypt</i>	<i>Other Arab and foreign countries</i>	<i>Eliminations</i>	<i>Total</i>
<u>Description</u>	<u>(000')</u>	<u>(000')</u>	<u>(000')</u>	<u>(000')</u>	<u>(000')</u>
Revenue from contracts with customers	926,667	528,845	184,613	(294)	1,639,831
Total assets	2,485,082	286,012	-	(171,215)	2,599,879
Total liabilities	1,133,302	127,103	-	(12,306)	1,248,099

#### **5. REVENUE FROM CONTRACTS WITH CUSTOMERS**

Below is the classification of the Group's revenue from contracts with customers as per the various classifications affected by the nature of economic factors, amount and the timing of sales:

	<i>31 December 2024</i>	<i>31 December 2023</i>
Food and milk products	<b>969,055,854</b>	882,721,622
Drinks and beverages	<b>774,318,904</b>	753,177,032
Other	<b>10,614,095</b>	3,932,797
Total	<b>1,753,988,853</b>	1,639,831,451

**SINAD HOLDING COMPANY**  
(A Saudi Joint Stock Company)  
Notes to consolidated financial statements  
For the year ended 31 December 2024

**6. COST OF REVENUE**

	<i>31 December</i> <b>2024</b>	<i>31 December</i> <b>2023</b>
Raw material cost	<b>988,030,935</b>	1,006,419,047
Salaries, wages and benefits	<b>104,799,280</b>	112,908,779
Depreciation of property, plant and equipment (Note 12)	<b>48,099,303</b>	53,282,313
Maintenance and spare parts expenses	<b>43,092,162</b>	35,400,447
Fuel and energy	<b>15,403,193</b>	19,491,767
Depreciation of right-of-use assets (Note 15)	<b>5,215,546</b>	5,137,175
Vehicles expenses	<b>3,795,003</b>	2,930,143
Rent refrigerators and stores	<b>3,106,236</b>	2,812,732
Transportation and shipping	<b>2,998,105</b>	2,641,930
Cleaning and utilities	<b>2,447,903</b>	2,459,272
Impairment of property, plant and equipment (Note 12)	<b>1,964,958</b>	7,084,255
Insurance expenses	<b>1,735,660</b>	1,286,634
Other	<b>19,124,871</b>	15,320,314
	<b><u>1,239,813,155</u></b>	<b><u>1,267,174,808</u></b>

**7. SELLING AND DISTRIBUTION EXPENSES**

	<i>31 December</i> <b>2024</b>	<i>31 December</i> <b>2023</b>
Salaries, wages and benefits	<b>117,869,785</b>	124,438,149
Sales activation and marketing expenses	<b>24,771,806</b>	32,817,955
Transportation and shipping	<b>30,628,221</b>	33,710,471
Distribution commissions	<b>19,113,723</b>	17,284,333
Promotion expenses	<b>17,983,797</b>	12,491,237
Vehicle's rental	<b>12,863,494</b>	9,485,204
Car expenses	<b>8,672,753</b>	8,088,070
Depreciation of right of use assets (note 15)	<b>6,929,456</b>	7,530,238
Depreciation of property, plant and equipment (note 12)	<b>5,225,953</b>	9,270,016
Insurance	<b>2,661,295</b>	1,215,178
Stationery and office Supplies	<b>2,216,713</b>	1,864,188
Amortization of intangible assets (note 14)	<b>263,260</b>	248,608
Other	<b>18,083,369</b>	25,887,921
	<b><u>267,283,625</u></b>	<b><u>284,331,567</u></b>

## **8. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Salaries, wages and benefits	<b>88,947,384</b>	109,068,335
Board of directors and related committee meeting bonuses and allowances	<b>11,028,744</b>	9,762,127
Stationery and branches expense	<b>8,224,165</b>	8,647,266
Consultancy expenses and professional fees	<b>8,051,317</b>	8,736,687
Depreciation of property, plant and equipment (note 12)	<b>5,246,112</b>	7,372,032
Government expenses	<b>4,325,952</b>	4,717,399
Bank charges	<b>3,561,842</b>	3,156,108
Maintenance	<b>3,249,448</b>	4,020,530
Travel and transportation expenses	<b>2,336,895</b>	1,247,063
Depreciation of right of use assets (note 15)	<b>1,737,049</b>	2,393,518
Insurance	<b>1,390,608</b>	4,216,529
Postal and telephone	<b>593,610</b>	720,891
Amortization of intangible assets (note 14)	<b>194,800</b>	189,859
Other	<b>14,646,446</b>	14,116,560
	<b>153,534,372</b>	178,364,904

## **9. FINANCE COSTS**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Murabaha and loan finance charges, net	<b>55,679,512</b>	49,175,466
Interest on lease liabilities (note 15 B)	<b>2,981,355</b>	2,479,300
Other finance charges	<b>1,403,125</b>	1,569,692
Treasury bill revenues	<b>-</b>	(4,460,525)
	<b>60,063,992</b>	48,763,933

## **10. ZAKAT AND INCOME TAX**

Provision for zakat and income tax payable consists of the following:

	<b>31 December 2024</b>	<b>31 December 2023</b>
Zakat (note "A" below)	<b>42,037,652</b>	53,526,409
Income tax (note "B" below)	<b>6,732,145</b>	14,906,214
	<b>48,769,797</b>	68,432,623

### **A) Zakat**

1) Movement in Zakat on the Group was as follows:

	<b>31 December 2024</b>	<b>31 December 2023</b>
Balance at the beginning of the year	<b>53,526,409</b>	41,162,322
Provided during the year	<b>11,162,842</b>	14,977,006
Transferred from Payables and other current liabilities	<b>500,000</b>	24,200,000
Adjustments	<b>(484,412)</b>	-
Paid during the year	<b>(22,667,187)</b>	(26,812,919)
Balance at the end of the year	<b>42,037,652</b>	53,526,409

**10. ZAKAT AND INCOME TAX (CONTINUED)**

2) Zakat charged to the consolidated statement of income:

	<i>31 December</i> <b>2024</b>	<i>31 December</i> <b>2023</b>
Provided during the year	<b>11,162,842</b>	14,977,006
Adjustments	<b>(484,412)</b>	-
Zakat charge for the year	<b>10,678,430</b>	14,977,006

**3) Zakat status**

**Sinad Holding Company - Parent Company**

- Zakat, Tax, and Customs Authority (ZATCA) issued Zakat assessments for the years ended December 31, 2009, to 2018, amounting to SAR 50,861,245. The company accepted the assessment and requested an installment plan, which was approved for payment over 36 monthly installments. As of the year ended December 31, 2024, SAR 27,125,984 has been paid, with a remaining balance of SAR 23,735,561. The company's Zakat position will be fully settled upon completion of these payments.
- ZATCA issued Zakat assessments for the years ended December 31, 2019, and 2020, amounting to SAR 4,233,355. The company accepted the assessment, requested an installment plan, and fully settled the amount. There are no additional obligations on the company.
- ZATCA issued 2021 Zakat assessment, requiring an additional payment of SAR 506,460. The company accepted the assessment and settled the additional Zakat, with no further obligations.
- ZATCA issued 2022 Zakat assessment, requiring an additional payment of SAR 90,151. The company accepted the assessment and settled the additional Zakat, with no further obligations.
- A consolidated Zakat return was submitted for the fiscal year ended December 31, 2023, covering wholly owned subsidiaries, and the company obtained the Zakat certificate.
- ZATCA issued 2023 Zakat assessment, requiring an additional payment of SAR 3,746,198. The company accepted the assessment and requested an installment plan, which was approved.
- The consolidated Zakat return for the year ended December 31, 2024, is in the process of being submitted.

**Below is the zakat status for the subsidiaries:**

**Al Khawatem for Trading and Contracting Company Limited – Subsidiary**

- The company submitted standalone Zakat returns up to the year 2012, and there are no outstanding Zakat liabilities for these periods.  
For the years 2013 to 2023, a consolidated Zakat return was submitted for Sinad Holding and its subsidiaries, including Khawatem for Trading and Contracting Limited, and the Zakat certificate was obtained.

**10. ZAKAT AND INCOME TAX (CONTINUED)**

**3) Zakat status (continued)**

**Al Mawajed International for Real Estate Development Company Limited – Subsidiary**

- The company submitted standalone Zakat returns up to the year 2012, and there are no outstanding Zakat liabilities for these periods.
- For the years 2013 to 2023, a consolidated Zakat return was submitted for Sinad Holding and its subsidiaries, including Al Mawajed International for Real Estate Development Company Limited. and the zakat certificate was obtained.

**Aseer Al Arabiah for Industrial Investment Company Limited – Subsidiary**

- The Company submitted zakat returns up to the year 2023 the consolidated zakat return is being filed to Sinad Holding Company (Formerly Aseer for Trading, Tourism, Industry, Agriculture, Real Estate and Contracting)
- The information return is being filed for the year ended 31 December 2023.
- The Authority has not issued zakat assessment for the said years up to date.

**Halwani Brothers Company, KSA – subsidiary**

**1. Zakat status**

- The company finalized its Zakat status up to December 31, 2018.
- The Company filed zakat declarations for the years from 2019 and obtained a zakat certificate The Zakat, Tax, and Customs Authority issued a Zakat assessment for the mentioned year, which revealed additional Zakat differences amounting to 4.109 million Saudi Riyals. The company has objected to this assessment, and discussions with the Authority are ongoing in accordance with Ministerial Decision No. 1007 issued in 1445 AH.

The company finalized its Zakat status for the year 2020 through 2022.

The company submitted its Zakat declaration for the year 2023 and received a Zakat certificate

**2. Value added Tax**

- The Company's books and records were inspected until 2023, and the tax due was paid.
- For the year 2024, the company is settling its dues based on the filed returns within the statutory deadlines.

**Al Rabie Saudi Foods Company - KSA – subsidiary**

**1) Zakat status**

- The position of the years from the start of activity until the year 2016 before the Zakat, Tax and Customs Authority has been terminated.
- No correspondence or claims were issued by the Zakat, Tax and Customs Authority for the years from 2017 to 2018
- The Zakat, Tax and Customs Authority conducted an inspection for the years 2019, 2020 and 2021, but the Zakat, Tax and Customs Authority has not issued any final assessment to date.
- The company submitted the Zakat declaration for the years 2022 and 2023 and obtained Zakat certificates for the mentioned years, and no correspondence or claims were issued by the Zakat, Tax and Customs Authority for the mentioned years.



**10. ZAKAT AND INCOME TAX (CONTINUED)**

**3) Zakat status (continued)**

**Al Rabie Saudi Foods Company - KSA – subsidiary (continued)**

**2) VAT status**

- VAT return submitted and paid till December 2024.
- The VAT inspection was completed by the Zakat, Tax and Customs Authority until the year 2019, and the amount due from the inspection results was paid. The amount paid was objected to, and there are no other obligations on the company regarding the inspection year.
- No correspondence or claims have been issued by the Zakat, Tax and Customs Authority for the years 2020 to 2024.

**3) Excise Tax status**

- Excise Tax return submitted and paid till Dec, 2024.
- Excise Tax audit by ZATCA completed till 2022 and there is no obligation on the company from that examination.
- No correspondence or claims have been issued by the Zakat, Tax and Customs Authority for the years 2023 to 2024.

**4) Withholding Tax status**

- The withholding tax submitted and paid till Dec, 2024.
- No correspondence or claims have been issued by the Zakat, Tax, and Customs Authority regarding the withholding tax.

**Fast Delivery Logistics Services Company**

- For the years 2022 to 2023, the consolidated Zakat return for Sanad Holding and its subsidiaries, including Fast Delivery Logistics Services Company, was submitted, and the Zakat certificate was obtained.
- ZATCA has not issued any Zakat assessments for the period from August 17, 2022 (the incorporation date) to December 31, 2024.

**Textile & Readymade Garments Company, KSA – subsidiary**

- The Company filed zakat declarations for the year 2023 and obtained a zakat certificate for that.

**B) Income Tax**

The Group calculates income tax using tax base applicable to expected total annual profits

1) Movement in income tax was as follows:

	<b>31 December 2024</b>	31 December 2023
At the beginning of the year	<b>14,906,214</b>	15,129,195
Income tax during the year	<b>10,610,491</b>	18,769,369
Paid during the year	<b>(14,922,502)</b>	(12,217,916)
Translation differences	<b>(3,862,058)</b>	(6,774,434)
Balance at the end of the year	<b>6,732,145</b>	14,906,214

**10. ZAKAT AND INCOME TAX (CONTINUED)**

**B) Income Tax (continued)**

And The balance of deferred tax liabilities was as follows:

	<b>31 December 2024</b>	31 December 2023
Deferred tax liabilities	<b>(1,006,018)</b>	(1,038,490)
Deferred tax liabilities on undistributed dividends	<b>2,468,060</b>	-
At the end of the year (assets) / liability	<b>1,462,042</b>	(1,038,490)

2) Movement in deferred income tax is as follows:

	<b>31 December 2024</b>	31 December 2023
At the beginning of the year	<b>(1,038,490)</b>	177,550
Change during the year	<b>1,776,817</b>	(1,190,666)
Translation differences	<b>723,715</b>	(25,374)
At the end of the year (assets) / liability	<b>1,462,042</b>	(1,038,490)

3) Income tax charged to consolidated statement of income

	<b>31 December 2024</b>	31 December 2023
Change in deferred tax liability	<b>1,776,817</b>	(1,190,666)
Income tax for the year	<b>10,610,491</b>	18,769,369
Balance at the end of the year	<b>12,387,308</b>	17,578,703

**4) Tax Status**

**Tax status for Halwani Brothers Company, Egypt – subsidiary**

**1- Corporate taxation**

- The Company is exempted from taxes according to Law 8 until 31 December 2005.
- The Company's books of differences were inspected until 2018, and paid the accrued tax.
- The declarations were submitted until 2023 and the payment due on them based on the declarations in light of the provisions of Law 91 of 2015.

**2- Value Added Tax**

- The Company's books and records were inspected until 2022, and the tax due was paid.
- The Company's data books are being inspected until 2023.
- The Company pays the dues based on the declarations on time.

**3- Business earning taxes**

- The books and records of the Subsidiary Company until 2022 were inspected, and the tax due was paid.
- The Company's books and records are being inspected for the 2023.

**4- Stamp due taxes**

- The books and records of the Subsidiary Company up to the year 2022 were inspected, and the tax due was paid.

**5- Tax deduction**

- Payment until the second period of 2024, and there are no financial dues from the company.
- The company's books and records were inspected until the year 2022, and the tax due was paid.

**10. ZAKAT AND INCOME TAX (CONTINUED)**

**B) Income Tax (continued)**

**4) Tax Status (continued)**

**Tax status for Halwani Brothers Company, Egypt – subsidiary (continued)**

**6- Real estate taxes**

- Accounting has been completed and the dues have been paid until 2021, and there are no financial dues from the company. There is an exemption for the years from 2022 until 2026, and there are no dues from the company.

**11. LOSS PER SHARE**

Basic and diluted loss per share from net loss for the year is calculated by dividing the net (loss) / earnings for the year attributed to shareholders of the parent Company by the number of ordinary outstanding shares during the year amounted to 126,388,889 shares.

The table below reflects the net loss for the year attributed to shareholders of the parent Company and the number of shares used in calculating basic and diluted loss per share:

	<b>31 December 2024</b>	31 December 2023
Net loss for the year attributable to the shareholders of the Parent Company	<b>(3,874,739)</b>	(132,646,446)
Weighted average number of outstanding ordinary shares	<b>126,388,889</b>	126,388,889
Basic and diluted loss per share from net loss attributable to the shareholders of Parent Company	<b>(0.03)</b>	(1.05)

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**12. PROPERTY, PLANT AND EQUIPMENT**

	<i>Land</i>	<i>Buildings</i>	<i>Machines, equipment and tools</i>	<i>Furniture and fixtures</i>	<i>Computers and software</i>	<i>Motor vehicles</i>	<i>Lease hold improvement</i>	<i>Capital works in progress</i>	<i>Total 2024</i>
<b>For the year 2024</b>									
<b>Cost:</b>									
At the beginning of the year (Restated Note 38)	37,998,349	467,999,855	897,414,926	122,978,044	7,003,864	92,700,807	2,156,225	11,884,110	1,640,136,180
Additions	-	220,498	8,008,427	1,804,933	-	5,749,351	-	16,846,613	32,629,822
Disposals	-	(4,559,376)	(42,390,029)	(4,568,117)	(93,744)	(10,928,496)	-	-	(62,539,762)
Transfers	-	954,088	9,974,900	1,520,601	168,511	3,384,511	-	(16,002,611)	-
Transfer to intangible assets	-	-	-	-	-	-	-	(257,220)	(257,220)
Transfer to non-current assets held for sale	-	16,000	43,212	-	1,264	-	-	-	60,476
Translation differences	(1,024,704)	(6,664,642)	(16,240,675)	(549,187)	(1,088,163)	(3,501,232)	-	(2,352,213)	(31,420,816)
	<u>36,973,645</u>	<u>457,966,423</u>	<u>856,810,761</u>	<u>121,186,274</u>	<u>5,991,732</u>	<u>87,404,941</u>	<u>2,156,225</u>	<u>10,118,679</u>	<u>1,578,608,680</u>
<b>Depreciation:</b>									
At the beginning of the year	-	173,299,020	610,814,798	110,606,476	4,711,851	75,549,913	1,158,444	-	976,140,502
Charge for the year	-	14,769,620	35,222,287	4,247,456	858,687	3,113,947	359,371	-	58,571,368
Disposals	-	(8,947,209)	(34,841,592)	(4,525,281)	(82,076)	(10,840,284)	-	-	(59,236,442)
Transfer to Non-current assets held for sale	-	1,874	29,121	-	64	-	-	-	31,059
Impairment during the year	-	-	-	1,964,958	-	-	-	-	1,964,958
Translation differences	-	(2,898,092)	(8,637,691)	(216,806)	(905,244)	(2,962,617)	-	-	(15,620,450)
	<u>-</u>	<u>176,225,213</u>	<u>602,586,923</u>	<u>112,076,803</u>	<u>4,583,282</u>	<u>64,860,959</u>	<u>1,517,815</u>	<u>-</u>	<u>961,850,995</u>
<b>Net book amount:</b>									
<b>At 31 December 2024</b>	<u>36,973,645</u>	<u>281,741,210</u>	<u>254,223,838</u>	<u>9,109,471</u>	<u>1,408,450</u>	<u>22,543,982</u>	<u>638,410</u>	<u>10,118,679</u>	<u>616,757,685</u>

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**12. PROPERTY, PLANT AND EQUIPMENT (continued)**

	<i>Land</i>	<i>Buildings</i>	<i>Machines, equipment and tools</i>	<i>Furniture and fixtures</i>	<i>Computers and software</i>	<i>Motor vehicles</i>	<i>Lease hold improvement</i>	<i>Capital works in progress</i>	<i>Total 2023</i>
<b>For the year 2023</b>									
<b>Cost:</b>									
At the beginning of the year (Restated Note 38)	85,401,105	489,937,234	907,650,481	120,501,697	6,328,378	92,145,495	2,156,225	44,043,012	1,748,163,627
Additions	-	88,300	2,190,027	809,684	51,048	7,463,937	-	16,242,956	26,845,952
Disposals	(1,615,043)	(20,086,776)	(15,725,641)	(633,860)	(55,484)	(12,224,015)	-	(19,810,377)	(70,151,196)
Transfers	-	2,178,047	14,494,449	2,568,669	1,287,953	7,473,563	-	(28,002,681)	-
Transfer to intangible assets	(45,134,328)	-	-	-	-	-	-	-	(45,134,328)
Transfer to non-current assets held for sale	-	(60,382)	(1,529,304)	(35,491)	(1,264)	-	-	-	(1,626,441)
Translation differences	(653,385)	(4,056,568)	(9,665,086)	(232,655)	(606,767)	(2,158,173)	-	(588,800)	(17,961,434)
	<u>37,998,349</u>	<u>467,999,855</u>	<u>897,414,926</u>	<u>122,978,044</u>	<u>7,003,864</u>	<u>92,700,807</u>	<u>2,156,225</u>	<u>11,884,110</u>	<u>1,640,136,180</u>
<b>Depreciation:</b>									
At the beginning of the year	-	165,250,080	583,761,891	102,913,748	4,442,414	85,783,596	799,073	-	942,950,802
Charge for the year	-	16,600,252	40,650,556	8,350,479	840,395	3,123,308	359,371	-	69,924,361
Disposals	-	(6,864,711)	(14,866,565)	(519,309)	(48,185)	(11,793,361)	-	-	(34,092,131)
Transfer to non-current assets held for sale	-	(44,236)	(1,003,782)	(25,480)	(63)	-	-	-	(1,073,561)
Impairment during the year	-	-	7,084,255	-	-	-	-	-	7,084,255
Translation differences	-	(1,642,365)	(4,811,557)	(112,962)	(522,710)	(1,563,630)	-	-	(8,653,224)
	<u>-</u>	<u>173,299,020</u>	<u>610,814,798</u>	<u>110,606,476</u>	<u>4,711,851</u>	<u>75,549,913</u>	<u>1,158,444</u>	<u>-</u>	<u>976,140,502</u>
<b>Net book amount:</b>									
<b>At 31 December 2023</b>	<u>37,998,349</u>	<u>294,700,835</u>	<u>286,600,128</u>	<u>12,371,568</u>	<u>2,292,013</u>	<u>17,150,894</u>	<u>997,781</u>	<u>11,884,110</u>	<u>663,995,678</u>
<b>(Restated Note 38)</b>									

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#### **12. PROPERTY, PLANT AND EQUIPMENT (continued)**

1. At 31 December 2024, property, plant and equipment comprise assets fully depreciated in books but still operating with a cost of SR 407.5 million (2023: SR 427.8 million).
2. The industrial complex of the subsidiary Company is constructed on a leased land from Saudi Authority for Industrial Cities and Technology Zones (MODON) under a lease for 25 years started from 16 Sha'ban 1428H (corresponding to: 29 August 2007). The lease is renewable for an additional and similar period based on the two parties' choices.
3. The factory buildings owned by one of the subsidiaries is constructed on leased land from the Riyadh Industrial City Administration under a 24-year lease agreement commencing from 5 Sha'ban 1428H (corresponding to 18 August 2007). The lease agreement is renewable for similar periods under the same conditions or any other conditions agreed upon between the parties, and the assets and liabilities arising from that agreement are classified as right-of-use assets and lease liabilities. Additionally, it includes employee housing buildings owned by one of the subsidiaries constructed on leased land from the Riyadh Industrial City Administration under a nominal rent lease agreement for 20 years starting from 21 Sha'ban 1428H (corresponding to 3 September 2007). The lease agreement is renewable for similar periods under the same conditions or any other conditions agreed upon between the parties, and the assets and liabilities arising from that agreement are classified as right-of-use assets and lease liabilities.
4. The General Secretariat of Jeddah announced the timetable for the removal of slums in Jeddah in order to start the stage of renovation related to neighbourhoods that were classified within slum areas. These measures come within the plan set to rearrange and restructure the city's neighbourhoods, and will ultimately benefit all individuals residing in the Kingdom of Saudi Arabia. The decision included compensation for the owners of the removed lands and properties. The implementation of that plan began in November 2021. And as one of the subsidiaries owns an area of land in Al-Thaalbah neighbourhood, which is one of the neighbourhoods that fall within the above removal plan. That land has been reclassified into Non-current assets held for sale by its book value as its fair value is greater than the book value according to the accredited valuer's report - Esnad Real Estate Appraisal Company and its partner. During the year 2022, the General Secretariat of Jeddah finished estimating the value of the compensation due to the Company for part of the land of Al-Thalabeh neighbourhood, at an amount of SR15.2 million, and the part of this land was disposed from the books and gain from disposal recorded by SAR 8.5 million, and the compensation amount recorded as due from the Secretariat (Note 19).
5. The value of the lands includes an amount of SAR 25 million for a plot of land located in Al-Fawzan Industrial City in Riyadh, which was acquired under a title transfer contract dated November 6, 2015. An amount of SAR 18.9 million has been paid, while an amount of SAR 6.1 million is still due (recorded under amounts payable and other credit balances - Note 29). In accordance with the contract, the remaining amount will be paid upon transfer of the title deed, and the procedures for emptying the title deed are underway.
6. In April 2023, the Group's management changed the useful life of some properties, plant, and equipment, resulting in a decrease in depreciation expense during the year ended 31 December 2023 amounting to SAR 16 million.

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**12. PROPERTY, PLANT AND EQUIPMENT (continued)**

The allocation of depreciation expense is as follows:

	<b>31 December 2024</b>	<b>31 December 2023</b>
Cost of revenue (note 6)	<b>48,099,303</b>	53,282,313
Selling and distribution expenses (note 7)	<b>5,225,953</b>	9,270,016
General and administrative expenses (note 8)	<b>5,246,112</b>	7,372,032
	<b>58,571,368</b>	69,924,361

**13. INVESTMENT PROPERTIES**

Investment properties represent the value of lands acquired for long-term investment purpose as follows:

	<b>31 December 2024</b>	<b>31 December 2023 (Restated Note 38)</b>
<i>At the beginning of the year (Restated Note 38)</i>	<b>52,440,203</b>	12,305,875
Transferred from property, plant and equipment (a)	-	45,134,328
Disposals during the year (B)	-	(5,000,000)
At the end of the year	<b>52,440,203</b>	52,440,203

- a) During the year ended 31 December 2023 The group transferred the plot of land located in King Abdullah Economic City from property, plant and equipment to investment properties, the book value of which is SAR 45 million based on the change in its intended use, and its fair value amounted to SAR 59 million according to the report of the certified evaluator "Company value Ramz for real estate evaluation" and the evaluation did not show any impairment in value as of 31 December 2024.
- b) During the year ended 31 December 2023, the Company sold an investment property, and a gain resulted from the sale by SAR 15,800,000.
- c) Investment properties include lands held for an unspecified future use that the Group has classified from property, plant and equipment to investment properties amounting to 7.3 million SAR Their fair value was estimated according to a real estate valuation by an independent, accredited expert using recognized valuation principles and techniques as of December 31, 2024 at 9.6 million SAR (Note 38)

**14. INTANGIBLE ASSETS**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Goodwill (note 14.1 below)	<b>157,005,634</b>	157,005,634
Trademarks and software (note 14.2 below)	<b>2,645,952</b>	2,659,006
Total intangible assets	<b>159,651,586</b>	159,664,640

- 14.1 The balance of intangible assets represents the goodwill arising from the acquisition of investments in subsidiaries. The Group conducted a study to make sure that there is no impairment in goodwill as at the date of the consolidated financial statements (note 34).

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**14. INTANGIBLE ASSETS (CONTINUED)**

Goodwill is as the following:

31 December 2024				
	Halawani Brothers Company (KSA)	Al Rabie Saudi Foods Company	Halawani Brothers Company (Egypt)	Total
At the beginning and end of the year	138,561,095	17,288,126	1,156,413	157,005,634
31 December 2023				
	Halawani Brothers Company (KSA)	Al Rabie Saudi Foods Company	Halawani Brothers Company (Egypt)	Total
At the beginning and end of the year	138,561,095	17,288,126	1,156,413	157,005,634

14.2 Movement in Trademarks and royalty and Software is as follows:

	<b>Software</b>	<b>Trademarks and royalty</b>	<b>Total</b>
<b>Cost:</b>			
As at 1 January 2024	<b>2,379,864</b>	<b>1,820,866</b>	<b>4,200,730</b>
Additions	-	<b>228,520</b>	<b>228,520</b>
Transfers from PPE	<b>257,220</b>	-	<b>257,220</b>
Disposals during the year	<b>(32,596)</b>	-	<b>(32,596)</b>
Translation differences	<b>(216,989)</b>	-	<b>(216,989)</b>
As at 31 December 2024	<b>2,387,499</b>	<b>2,049,386</b>	<b>4,436,885</b>
<b>Amortization:</b>			
As at 1 January 2024	<b>866,593</b>	<b>675,131</b>	<b>1,541,724</b>
Amortization for the year	<b>202,197</b>	<b>255,863</b>	<b>458,060</b>
Disposals during the year	<b>(32,595)</b>	-	<b>(32,595)</b>
Translation differences	<b>(176,256)</b>	-	<b>(176,256)</b>
As at 31 December 2024	<b>859,939</b>	<b>930,994</b>	<b>1,790,933</b>
<b>Net book value:</b>			
As at 31 December 2024	<b>1,527,560</b>	<b>1,118,392</b>	<b>2,645,952</b>



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**14. INTANGIBLE ASSETS (Continued)**

	<b>Software</b>	<b>Trademarks and royalty</b>	<b>Total</b>
<b>Cost:</b>			
As at 1 January 2023	2,532,784	1,555,589	4,088,373
Additions	-	265,277	265,277
Disposals during the year	(11,020)	-	(11,020)
Translation differences	(141,900)	-	(141,900)
As at 31 December 2023	2,379,864	1,820,866	4,200,730
<b>Amortization:</b>			
As at 1 January 2023	787,704	437,100	1,224,804
Amortization for the year	200,436	238,031	438,467
Disposals during the year	(11,019)	-	(11,019)
Translation differences	(110,528)	-	(110,528)
As at 31 December 2023	866,593	675,131	1,541,724
<b>Net book value:</b>			
As at 31 December 2023	1,513,271	1,145,735	2,659,006

The allocation of amortization expense is as follows:

	<b>31 December 2024</b>	<b>31 December 2023</b>
Selling and distribution expenses (note 7)	<b>263,260</b>	248,608
General and administrative expenses (note 8)	<b>194,800</b>	189,859
	<b>458,060</b>	438,467

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## **15. LEASES**

### ***Group as lessee***

The Group has lease contracts, several leases include extension and termination options and variable payments. No leases have variable payments.

The Group also has certain leases of leased properties with lease terms of 12 months or less of low lease value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The followings are the carrying amounts of right-of-use assets and lease liabilities recognised and their movements during the year:

a) Right-of-use assets are represented as follows:

	<b>31 December 2024</b>	31 December 2023
<b>Cost:</b>		
As at 1 January	<b>89,212,462</b>	94,764,971
Additions and extension to lease contracts during the year	<b>19,235,815</b>	11,721,063
Disposals and adjustments	<b>1,064,696</b>	(14,898,094)
Translation differences	<b>(4,312,904)</b>	(2,375,478)
<b>At 31 December</b>	<b>105,200,069</b>	89,212,462
<b>Depreciation:</b>		
As at 1 January	<b>(55,388,734)</b>	(54,845,086)
Depreciation for the year	<b>(13,882,051)</b>	(15,060,931)
Disposals and adjustments	<b>1,035,804</b>	13,750,313
Translation differences	<b>1,562,050</b>	766,970
<b>As at 31 December</b>	<b>(66,672,931)</b>	(55,388,734)
<b>Net book value as at 31 December</b>	<b>38,527,138</b>	33,823,728

b) Lease liabilities as classified in the statement of financial position:

	<b>31 December 2024</b>	31 December 2023
As at 1 January	<b>41,777,295</b>	46,129,697
Additions and extension to lease contracts during the year	<b>19,231,404</b>	11,721,063
Interest expense (Note 9)	<b>2,981,355</b>	2,479,300
Payments	<b>(15,007,570)</b>	(15,734,433)
Disposals and adjustments	<b>(3,845,892)</b>	(1,176,249)
Translation differences	<b>(3,135,180)</b>	(1,642,083)
<b>As at 31 December</b>	<b>42,001,412</b>	41,777,295
Less: Current portion	<b>(14,154,120)</b>	(17,748,576)
<b>Non-current portion</b>	<b>27,847,292</b>	24,028,719

The Group recognized the depreciation expense related to right of use assets, as follows:

	<b>31 December 2024</b>	31 December 2023
Cost of revenue (note 6)	<b>5,215,546</b>	5,137,175
Selling and distribution expenses (note 7)	<b>6,929,456</b>	7,530,238
General and administrative expenses (note 8)	<b>1,737,049</b>	2,393,518
	<b>13,882,051</b>	15,060,931

## **16. INVESTMENTS AND FINANCIAL ASSETS**

	<b>31 December 2024</b>	31 December 2023
Equity instruments at fair value (see note “a” below)	<b>642,027,747</b>	631,632,165
Equity instruments at fair value through statement of income (see note “b” below)	<b>28,775,788</b>	15,015,071
Debt instruments at fair value through statement of income (see note “c” below)	<b>2,924,197</b>	2,655,260
	<b><u>673,727,732</u></b>	<b><u>649,302,496</u></b>

### **a) Equity instruments at fair value through other comprehensive income**

	<b>Investment in equity instruments</b>		<b>Total 31 December 2024</b>	<b>Total 31 December 2023</b>
	<b>Quoted</b>	<b>Un-quoted</b>		
<b>Cost:</b>				
At the beginning of the year	<b>390,600,000</b>	<b>345,180,972</b>	<b>735,780,972</b>	<b>735,780,972</b>
Disposals	<b>(7,993,488)</b>	<b>-</b>	<b>(7,993,488)</b>	<b>-</b>
At the end of the year	<b>382,606,512</b>	<b>345,180,972</b>	<b>727,787,484</b>	<b>735,780,972</b>
<b>Net (losses) / gains from revaluation of investments and financial assets:</b>				
At the beginning of the year	<b>(64,400,000)</b>	<b>(39,748,807)</b>	<b>(104,148,807)</b>	<b>(97,683,807)</b>
Revaluation (loss) / gain	<b>29,882,273</b>	<b>(8,606,000)</b>	<b>21,276,273</b>	<b>(6,465,000)</b>
Transferred to accumulated losses	<b>(2,887,203)</b>	<b>-</b>	<b>(2,887,203)</b>	<b>-</b>
At the end of the year	<b>(37,404,930)</b>	<b>(48,354,807)</b>	<b>(85,759,737)</b>	<b>(104,148,807)</b>
<b>Net book value</b>	<b>345,201,582</b>	<b>296,826,165</b>	<b>642,027,747</b>	<b>631,632,165</b>

Investments in equity instruments include the following:

- During the year ending December 31, 2024, one of the investee companies, Emaar the Economic City, reduced its capital by 53.83%, which resulted in a decrease in the number of shares owned by the company to become 16 million shares as of December 31, 2024 (December 31, 2023: 35 million shares), with a value of 306 million SAR as of December 31, 2024 (December 31, 2023: with a value of 278 million SAR). The Group is required to obtain the approval of the Economic Cities Authority before disposing of the shares it owns.
- During the year ended 31 December 2024, the Group sold one of its quoted investments, then the investment revaluation reserve of SAR 2,887,203 was transferred to the accumulated losses.
- During the subsequent period, on February 2, 2025, it was announced that one of the investee companies, “Umm Al-Qurra Development and Construction Company,” intended to offer its shares for initial public offering and listing on the Saudi main market. It is expected that trading in the shares will begin by the end of the first quarter of 2025.

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**16. INVESTMENTS AND FINANCIAL ASSETS (CONTINUE)**

**b) Equity instruments at fair value through statement of income**

	<b>31 December 2024</b>	31 December 2023
Balance as at the beginning of the year	<b>15,015,071</b>	-
Additions	<b>9,320,417</b>	14,729,755
Revaluation gain	<b>4,440,300</b>	285,316
Balance as at the end of the year	<b>28,775,788</b>	15,015,071

**c) Debt instruments at fair value through statement of income**

	<b>31 December 2024</b>	31 December 2023
Balance as at the beginning of the year	<b>2,655,260</b>	2,645,055
Gain from revaluation of debt instruments at fair value through statement of income	<b>268,937</b>	10,205
Balance as at the end of the year	<b>2,924,197</b>	2,655,260

**d) Dividends income from investments and financial assets**

- During the year ended 31 December 2024, the Group received dividends from the above-mentioned investments by an amount of SAR 1,695,105 (31 December 2023: SAR 6,299,138).

**17. INVENTORY**

	<b>31 December 2024</b>	31 December 2023
Raw materials	<b>213,802,044</b>	190,506,095
Finished goods	<b>99,137,648</b>	105,427,794
Packing and packaging materials	<b>48,729,136</b>	52,581,302
Spare parts	<b>28,316,112</b>	1,491,370
Production in progress	<b>1,012,971</b>	33,923,263
Others	<b>1,051,553</b>	472,679
	<b>392,049,464</b>	384,402,503
<b>Less:</b>		
Provision for slow moving inventory	<b>(25,271,863)</b>	(27,453,845)
	<b>366,777,601</b>	356,948,658
Goods in transit	<b>12,927,009</b>	5,241,169
	<b>379,704,610</b>	362,189,827

**A) Movement in the provision as follows:**

	<b>31 December 2024</b>	31 December 2023
Balance at the beginning of the year	<b>27,453,845</b>	28,887,536
Provided during the year	<b>7,522,522</b>	10,954,242
Reversed during the year	<b>(1,847,200)</b>	(10,485,856)
Provision for slow moving inventory write off	<b>(7,474,467)</b>	(1,718,906)
Translation differences	<b>(382,837)</b>	(183,171)
<b>Balance at the end of the year</b>	<b>25,271,863</b>	27,453,845

## 18. RECEIVABLES

	<b>31 December 2024</b>	31 December 2023
receivables (Note a below)	<b>447,865,136</b>	486,709,188
Provision of expected credit losses	<b>(47,016,976)</b>	(66,525,147)
	<b>400,848,160</b>	420,184,041
The movement of the provision is as follows:		
	<b>31 December 2024</b>	31 December 2023
Balance at the beginning of the year	<b>66,525,147</b>	23,573,688
<u>Recorded in the consolidated statement of income</u>		
Additions during the year	<b>260,293</b>	38,154,219
Reversed during the year	<b>(16,609,361)</b>	-
	<b>(16,349,068)</b>	38,154,219
Transferred from payables and other current liabilities	-	5,239,441
Used during the year	<b>(2,415,688)</b>	(156,236)
Translation differences	<b>(743,415)</b>	(285,965)
<b>Balance at the end of the year</b>	<b>47,016,976</b>	66,525,147

### a) Receivable - Land seller north of Riyadh and broker

On 28 April 2019, the Company received a letter from the seller stating that the title deed of the purchased land in 2009 amounting to SR 219,739,441 was revoked by an order issued from the Public Court in Riyadh for a reason outside the control of the seller and Company's will. The Company paid SR 207,239,441 and the remaining amount of SR 12,500,000 was unpaid. The decision has become final and must be adhered to and implemented. The seller presented some solutions and suggestions to the Company in a way that preserves all its rights. After receiving the above-mentioned letter, the Company confirmed its validity through the concerned parties and is assured that the revocation is correct for reasons pertaining the seller as the revocation is attributive to the main title deed of the land and its scope. The Company has no relation or involvement in this matter and was not informed or involved in this matter, court hearings, sessions, discussions, or investigations. The Company inquired before purchasing the land, confirmed the validity of the title deed through a committee of attorney public composed of three members as per statement of permission issued on 28 Rajab 1430H.

On 18 Rabi II 1441H (corresponding to: 15 December 2019), the Company filed two lawsuits at the Public Court in Riyadh against the seller of the land located north of Riyadh, Al Khair District, and against the broker of the purchase deal requesting to compel both the land seller and purchase broker (claimers) to return the amount paid to them amounted to SR 207,239 million of the land value to the Company with retaining its right to claim any compensation for any losses or financial claims that have arisen or that may be caused due to revocation of the said land deed. Based on the opinion of the legal consultant of the Company and inquiries made with him, the documents and papers presented in both lawsuits are strong and explicit and form legal evidence of contractual relationship and prove the right of the Company to collect and recover the purchase amount paid due to revocation of the title deed and its right as well as to collect and recover the brokerage fees paid to the sale broker.

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#### **18. RECEIVABLES (CONTINUED)**

##### **a) Receivable - Land seller north of Riyadh and broker (continued)**

During the year ended 31 December 2019, the Company de-recognized the total land amount from the books amounted to SR 181,500,000 and recognized as trade receivable on the seller and broker with total amount of SR 207,239,441 after deducting the remaining amount due to the seller of the land value of SR 12,500,000. The book value of the land amounts to SR 181,500,000 representing purchase price of SR 219,739,441 less impairment previously recognized amounting to SR 38,239,441. During November 2020,

a final ruling was issued in favor of the Company to revoke the sale contract between the Company and the seller of the land and bind the seller of the land to pay an amount of SR 202 million to the Company>

On 19 Shaaban 1442 H corresponding to 01 April 2021, the Company received a letter from its legal consultant stating that the defendant (land's seller) filed a petition to the court on 05 Shaaban 1442H, corresponding to 18 March 2021, to overturn the verdict and dismiss the case after the expiry of the formal objection period and petition was accepted,

and according to the Court dismissed the previous ruling and dismiss the case for lack of jurisdiction because the case is one of the big cases with amounts of more than 100 million Saudi Riyals. The Company has objected the ruling as it was not valid.

On 03 February 2022, the General Department for large cases of the General Court has issued a preliminary ruling in the favour of the Group, to terminate the sale's contract pertaining to north Riyadh land between the Company and the seller and what's entitled to it, and obligate the land seller to repay an amount of SR 202 million in favour of the Company.

On 24 April 2022, the Court of Appeal issued its ruling confirming the ruling issued by the General Department for large cases. Consequently, the Company applied to the Execution Court to execute the ruling, and the court has started to proceed with the execution by seizing assets owned by the seller. The Execution Court collected approximately 3 million Saudi riyals from the seller's bank accounts, which reduced the total balance owed to Sinad to 199 million Saudi riyals.

On 08 March 2023, a preliminary rule was issued in favour of the Group obliging the broker to repay an amount of SR 5,239,441 in favour of the Company, and the period of objection to the issued ruling is 30 days starting from the following date of receiving a copy of the rule based on the legal pleadings system. The defendant objected to the ruling and the Court of Appeal confirmed the issued ruling and it was submitted to the Court of Execution.

On June 21, 2023, a final judgment was issued in favor of the group, obligating the broker to pay the group the amount of 5,239,441 SAR. A request to enforce the judgment was submitted to the Riyadh Enforcement Court, and a decision was issued against the defendant in terms of seizing and executing bank accounts, investment portfolios, real estate, and movable funds, as well as preventing him from traveling and suspending his services. A request to seize the shares of the defendant was submitted, and the department was provided with all companies in which the defendant owns shares, which are under procedure with the judge. During the year, the group collected the total amount due from the broker.

There are cash flows from time to time to the bank accounts of the person against whom the execution is being carried out, and the court blocked those accounts and distributes them to the debtors. During the year ending December 31, 2024, the court completed the payment to the owners of the preferred debts, and began distributing the following flows in favor of the rest of the debtors according to the percentage of each of their debts. During the subsequent period, the execution court collected approximately 3 million Saudi riyals, so that the total collected amounted to approximately 6 million Saudi riyals.

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**19. PREPAID EXPENSES AND OTHER ASSETS**

	<b>31 December 2024</b>	31 December 2023
Advances to suppliers	<b>25,780,201</b>	25,318,303
Prepaid expenses	<b>9,992,554</b>	11,547,230
Employees' receivables	<b>1,981,495</b>	2,121,995
Due from related parties (Note 20)	<b>2,047,538</b>	1,334,614
Other debit balances (Note a below)	<b>20,802,423</b>	21,322,190
	<b>60,604,211</b>	61,644,332

a) Other debit balances include a balance due from a Government Entity, which is represented in the value of compensation for a part of the land owned by the Company

**20. RELATED PARTIES TRANSACTIONS AND BALANCES**

Related parties represent shareholders, ultimate Parent Company – Dallah Al Baraka Holding Company, subsidiaries of the ultimate Parent Company, and key management personnel, directors, and entities controlled or significantly influenced by such parties. Transactions with related parties are carried out based on the policies, terms and prices of dealing with unrelated parties, and these transactions are approved by the Group's departments.

The Groups' related parties are described as follows:

Description	Nature
Albaik food systems Co.	Party to one of the members of the Board of Directors in subsidiary
Aqwat Food Industries Company	Party to one of the members of the Board of Directors in subsidiary
Al Wusta Food Services Company	Party to one of the members of the Board of Directors in subsidiary
Ismailia Egypt Poultry Company	An affiliate owned by one of the major shareholders in subsidiary

Below is summary of significant transactions with related parties performed in the course of normal business of the Group during the year:

**A) Due from related parties:**

Description	Nature of the Transaction	Amount of transactions 31 December 2024	31 December 2023	Balance 31 December 2024	31 December 2023
Albaik Food Systems Co.	Sale of finished goods	<b>8,906,802</b>	6,619,914	<b>1,397,055</b>	887,027
Aqwat food industries company	Sale of finished goods	<b>2,511,042</b>	1,981,324	<b>246,456</b>	208,139
Al Wusta Food Services Company	Sale of finished goods	<b>1,089,557</b>	1,402,880	<b>324,134</b>	125,018
Others	Different transaction	<b>437,751</b>	763,014	<b>89,507</b>	124,044
Total				<b>2,057,152</b>	1,344,228
Less: provision for doubtful debts				<b>(9,614)</b>	(9,614)
<b>Balance</b>				<b>2,047,538</b>	1,334,614

## 20. RELATED PARTIES TRANSACTIONS AND BALANCES(CONTINUED)

The movement in the provision is as follows:

	31 December 2024	31 December 2023
At the beginning of the year	9,614	261,311
Reversed during the year	-	(251,697)
<b>Balance at the end of the year</b>	<b>9,614</b>	<b>9,614</b>

### B) Due to related parties:

Description	Nature of the Transaction	Amount of transactions		Balance	
		31 December 2024	31 December 2023	31 December 2024	31 December 2023
Al Esmaliah Egypt for Poultry Company	Purchase of finished goods	-	36,812	-	-
Others	Other transactions	-	428,082	553,100	553,100
				<b>553,100</b>	<b>553,100</b>

Prices and payment terms with related parties are approved in accordance with the Group's policy.

### C) Board of directors, executives and committees' allowances and remunerations:

The Group's senior management composes of key management personnel, executives and the Board member, who are responsible for planning, directing and supervising the Group's activities.

The total salaries and remunerations for senior management and executives was as follows:

	31 December 2024	31 December 2023
Salaries and remunerations for senior management and executives "Parent Company"	15,545,351	15,823,456
Board of Directors' and committees' remunerations and allowances "Parent Company"	3,763,500	3,779,000
Salaries and remunerations for senior management and executives' "Subsidiaries"	23,075,827	24,691,952
Board of Directors' and committees' remunerations and allowances "Subsidiaries"	7,763,935	5,983,127
	<b>50,148,613</b>	<b>50,277,535</b>

## 21. INVESTMENTS FOR TRADING AT FAIR VALUE THROUGH STATEMENT OF INCOME

	31 December 2024	31 December 2023
At the beginning of the year	12,635,875	28,067,861
Additions during the year	7,823,447	100,000
Gains during the year	6,633,216	10,006,675
Disposals during the year	(7,214,674)	(25,538,661)
	<b>19,877,864</b>	<b>12,635,875</b>



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**22. INVESTMENTS AT AMORTIZED COST**

	<b>31 December 2024</b>	31 December 2023
Treasury bills with a nominal value of less than three months	-	79,366,904
Deduct: Unaccrued returns	-	(2,222,682)
Add: Currency differences	-	18,662
	<u>-</u>	<u>77,162,884</u>

**23. CASH AND CASH EQUIVALENTS**

	<b>31 December 2024</b>	31 December 2023
Bank balances	<b>55,778,284</b>	84,957,629
Cash on hand	<b>1,916,010</b>	3,253,286
Checks under collection	<b>2,341,297</b>	2,681,399
Restricted bank balances *	<b>11,878,901</b>	11,949,981
Time deposits "with a maturity of three months or less"	<b>7,500,000</b>	-
Cash and cash equivalents at the end of the year	<b><u>79,414,492</u></b>	<u>102,842,295</u>

\*The restricted bank balances represent bank balances held by the banks against the unpaid dividends and are therefore not available for general use by the Group.

**24. SHARE CAPITAL**

The share capital of the Parent Company is divided into 126,388,889 shares as at 31 December 2024 with SR 10 each (31 Dec 2023: 126,388,889 shares).

**25. STATUTORY RESERVE**

Under the previous Articles of Association, the Company was required to transfer 10% of net income to the statutory reserve until it reached 30% of the capital. In accordance with the amendments made to the Companies Law in the Kingdom of Saudi Arabia, there is no longer an obligation to maintain the statutory reserve. Accordingly, the shareholders decided at the Extraordinary General Assembly held on June 26, 2024 to amend the Company's Articles of Association. In accordance with the resolution, the statutory reserve amounting to SAR 219,249,829 was transferred to accumulated losses. To extinguish the accumulated losses amounting to SAR 160,249,092 as of December 31, 2023.

Under the amended Articles of Association, the General Assembly of Shareholders has the right, when determining the share of shares in profits, to decide to form new reserves to the extent that serves the interests of the company or ensures the distribution of fixed profits as much as possible to shareholders.

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**26. NON-CONTROLLING INTERESTS**

The movement in non-controlling interests is as follows:

	<b>31 December 2024</b>	31 December 2023
At the beginning of the year	<b>268,259,253</b>	349,560,297
Share of results in subsidiaries	<b>29,367,343</b>	(56,577,142)
Exchange differences resulted from the translation of financial statement in a foreign currency	<b>(27,926,613)</b>	(12,175,035)
Remeasurement of employee defined benefit liabilities	<b>371,878</b>	261,733
Dividends (*)	-	(12,810,600)
Disposal of interest in a subsidiary without loss of control (**)	<b>3,128,423</b>	-
At the end of the year	<b><u>273,200,284</u></b>	<u>268,259,253</u>

Non-controlling interests were recorded at initial recognition in accordance with generally accepted accounting principles at the date of recognition. The Company has used the exemptions provided for at first time adoption to international financial reporting standards, which stated that non-controlling interests remain at the previously recognized amount in accordance with general accepted accounting principles without adjustments.

(\*) On 30 May 2023, the General Assembly in Al Rabie Saudi Foods Company "Subsidiary", agreed to distribute dividends of SR 30,000,000, the share of the non-controlling interest amounted to SR 12,810,600.

(\*\*) During the year ended December 31, 2024, the holding company sold 1.25% of its shares in one of its subsidiaries, "Halwani Brothers Company". This transaction did not result in a loss of control over the subsidiary, so it was treated as equity in accordance with the requirements of International Financial Reporting Standards. Accordingly, the transferred share was reclassified from equity attributable to the shareholders of the parent company to non-controlling interests, without any impact on the consolidated income statement.

**27. ISLAMIC MURABAHA FINANCING CONTRACTS AND LONG-TERM LOANS**

The movement in Islamic Murabaha and loans during the year is as follows:

	<b>31 December 2024</b>	31 December 2023
Facilities and long-term loans	<b>99,826,390</b>	77,296,725
Amounts due during the year	<b>(49,583,333)</b>	(38,407,832)
Non-current portion	<b><u>50,243,057</u></b>	<u>38,888,893</u>

The following table represents the value of the remaining instalments of the whole amounts of Murabaha and long-term loans:

	<b>31 December 2024</b>	31 December 2023
2025	<b>49,583,333</b>	38,407,832
After 2025	<b><u>50,243,057</u></b>	<u>38,888,893</u>
	<b><u>99,826,390</u></b>	<u>77,296,725</u>

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**27. ISLAMIC MURABAHA FINANCING CONTRACTS AND LONG-TERM LOANS (CONTINUED)****Murabaha financing and long-term loans include the following:**

On 01 February 2021, one of the subsidiaries entered into an Islamic financing agreement with local Bank. The total value of the facility amounted to SR 342 million, of which SR 150 million was a long-term loan. The duration of the long-term loan is five years, including a six-month grace period subject to a commission According to the prevailing rates among banks in the Kingdom of Saudi Arabia (SIBOR) in addition to fixed interest rate, the financing was guaranteed by promissory notes issued to the bank. As at 31 December 2024 balance amounted to SR 38.9 million.

One of the subsidiaries signed an agreement with a local bank to reclassify part of the value of the existing bank facilities used to finance the existing working capital into medium-term financing in the amount of SAR 65 million. According to the terms of the agreement, the financing is due to be repaid in quarterly installments of SAR 4.06 million, the first installment is due on December 31, 2024 and the financing ends on September 30, 2028. The financing entails financing fees (at the prevailing market rate between Saudi banks plus a profit margin). The financing was secured by promissory notes issued to the bank. As of December 31, 2024, the balance amounted to SAR 61 million.

**28. EMPLOYEES' DEFINED BENEFITS**

	<b>31 December 2024</b>	31 December 2023
Balance at the beginning of the year	<b>82,016,595</b>	94,469,651
Cost of current service	<b>5,898,288</b>	7,623,893
Finance costs	<b>3,360,875</b>	3,943,000
Paid during the year	<b>(13,455,000)</b>	(23,803,249)
Remeasurement of defined benefit liabilities for employees	<b>(2,106,875)</b>	(157,900)
Adjustments	<b>-</b>	(58,800)
Balance at the end of the year	<b><u>75,713,883</u></b>	<u>82,016,595</u>

The most significant actuarial assumptions used in calculating the current value of employees' defined benefits as the following:

	<b>31 December 2024</b>	31 December 2023
Discount rate	From 4.9% to 5.6%	From 4.9% to 5.1%
Salary increase rate	From 1.50% to 6%	From 3% to 6%
Turnover rate	From 13.94% to 15%	From 14% to 15%

The effect of employees' defined benefits on actuarial assumptions with reasonable change percentage was presented with all other variables constant as the following:

	<b>31 December 2024</b>	31 December 2023
Discount rate +25 basis points	<b>74,489,700</b>	81,007,600
Discount rate -25 basis points	<b>76,262,100</b>	82,608,300
Salary increases +25 basis points	<b>76,286,177</b>	82,625,946
Salary increases -25 basis points	<b>74,462,222</b>	82,986,636

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**29. PAYABLES AND OTHER CURRENT LIABILITIES**

	<b>31 December 2024</b>	31 December 2023
Trade payables	<b>150,035,070</b>	109,385,991
Accrued expenses	<b>137,007,247</b>	142,323,793
Right to return goods	<b>30,210,233</b>	42,251,848
Accrued expenses to customers	<b>28,800,452</b>	49,321,435
Employee's accruals	<b>11,462,796</b>	7,116,506
Advances from customers	<b>6,475,612</b>	6,705,847
Land purchase payable	<b>6,105,479</b>	6,105,479
Tax dues in subsidiaries	<b>1,791,510</b>	2,023,145
Due to related parties (Note 20)	<b>553,100</b>	553,100
Other	<b>5,768,427</b>	15,559,190
	<b>378,209,926</b>	381,346,334

**30. SHORT TERM ISLAMIC MURABAHA FINANCING**

Movement in the Islamic Murabaha financing is as follows:

	<b>31 December 2024</b>	31 December 2023
Balance at the beginning of the year	<b>585,116,092</b>	576,303,097
Net movement during the year	<b>(113,227,270)</b>	8,812,995
Balance at the end of the year	<b>471,888,822</b>	585,116,092

During the year 2022, the Parent Company entered into a short-term Islamic Murabaha facility agreement with local bank with amount of SR 200 million, renewed annually. The Murabaha is subject to a commission according to the prevailing inter-bank rates in the Kingdom of Saudi Arabia (SIBOR) plus a fixed commission rate. The outstanding balance of this contract as of 31 December 2024 an amount of SR 162 million (31 December 2023: SR 112 million). The Facility was guaranteed by promissory note issued to the bank, and a pledge agreement was signed for a listed shares on the stock market, and million shares were mortgaged in one of the investees Companies.

During 2021, the parent company signed a short-term Murabaha facility agreement with a local bank for an amount of SAR 200 million, which is renewed annually. The facility is subject to a commission according to the prevailing rates between banks in the Kingdom of Saudi Arabia (SAIBOR) plus a fixed commission rate. The facility was secured by a promissory note issued to the bank. An agreement was also signed to pledge shares listed on the stock market, whereby shares in one of the invested companies were pledged. The facility balance on December 31, 2024 amounted to SAR 41 million (2023: SAR 40 million).

On 1 February 2021, one of the subsidiaries signed an Islamic financing agreement with a local Bank. The total value of the facility amounted to SR 342 million, of which SR 192 million was short-term financing. It consists of short-term Murabaha with a duration ranging from 4 months. Financing is subject to a commission according to the rates prevailing among banks in the Kingdom of Saudi Arabia (SIBOR), in addition to fixed interest rate. As of 31 December 2024, the balance amounted to SR 30 million.

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**30. SHORT TERM ISLAMIC MURABAHA FINANCING (CONTINUED)**

During 2024, one of the subsidiaries signed a facility agreement with a local bank for an amount of SAR 80 million, of which SAR 50 million is a short-term facility and SAR 30 million is a letter of credit facility. The facility is renewable and expires within one year. It is subject to an annual interest rate of 1.5% plus SIBOR. Promissory notes were provided to the bank for the full value, and the agreement is subject to financial covenants and the company has complied with those conditions. As of December 31, 2024, the balance amounted to SAR 51.5 million.

One of the subsidiaries, has entered into short-term Islamic Murabaha (Tawaruq) Contracts with local banks in the Kingdom of Saudi Arabia guaranteed by promissory note. These Murabaha are paid within a period of three to eight months and the Company pays financing burdens on financing according to the prevailing market rate among Saudi banks plus a profit margin. On 31 December 2024, the outstanding balance of these contracts amounted to SR 126 million

One of the subsidiaries, has entered into short and long-term Murabaha Contracts with local banks in the Arab Republic of Egypt to finance its operations. The Subsidiary Company pays financing charges according to prevailing market rate. As of 31 December 2024, the outstanding balance of these contracts amounted to an amount of SR 60 million.

**31. Other expenses / (income), Net**

	<b>31 December 2024</b>	31 December 2023
Foreign exchange loss	<b>26,348,165</b>	2,454
Provision for contingent claims expense (*)	<b>4,657,503</b>	14,849,840
Reverse provision for contingent claims (**)	<b>(9,502,802)</b>	-
Gain on fair value derivatives through income statement (***)	-	(1,377,940)
Other income	<b>(1,735,503)</b>	(998,078)
Balance at the end of the year	<b>19,767,363</b>	12,476,276

(\*) During the year ended 31 December 2024, the Group has collected an amount of SAR 4.6 million (31 December 2023: SAR 14.9 million) as a provision for potential claims, to meet potential future liabilities.

(\*\*) During the year ended 31 December 2024, the Group reversed a provision for contingent claims amounting to SAR 9.5 million (31 December 2023: SAR 0) after the issuance of a decision by the Second Preliminary Customs Committee in Riyadh in favor of the Group.

(\*\*\*) During 2022, one of the subsidiaries signed a swap agreement with a local bank that uses derivative instruments such as interest rate swaps, where the Company pays a variable interest rate and receives a variable interest plus a margin subject to the market price within a pre-determined interest rate range. The principal amount of the agreement as of 31 December 2022 is SAR 150,000,000 and the fair value of the derivative is SAR 17,837,774. On June 1, 2023, the swap agreement with the bank was cancelled by submitting a market order to be executed at a cost of SAR 16.5 million, and accordingly, gains/losses from changes in the fair value of derivative financial instruments amounting to SAR 1,337,774 were recognized.

(\*\*\*) During 2019, one of the subsidiaries signed a financial derivatives agreement to swap interest rates with a local commercial bank to address interest rate fluctuations. During the year ended December 31, 2023, the agreement was completed and the fair value of the contract amounted to Nil, and accordingly, gains from changes in the fair value of derivative financial instruments amounting to SAR 40,166 were recognized.

### **32. CAPITAL COMMITMENTS, CONTINGENCIES**

Below are the capital commitments, contingencies and covenants:

	<b>31 December 2024</b>	31 December 2023
Capital commitments for purchasing property, plants and equipment	<b>3,275,156</b>	8,809,347
Letter of guarantees and letter of credit in ordinary course business of the Group	<b>81,199,595</b>	24,172,769

### **33. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is the amount for which an asset could be exchanged, or a liability settled between two knowledgeable willing parties in an arm's length transaction. Therefore, differences may result from the carrying amount and estimates of the fair value.

The Group's financial assets consist of investments in financial instruments, cash and cash equivalents, trade accounts receivable and other receivables, amounts due to related parties, and its financial liabilities consist of trade accounts payable, accruals, other payables, Islamic Murabaha contracts, term finance arrangements, lease liabilities, finance lease liabilities, bank overdrafts, and amounts due to related parties.

#### **Hierarchy of the fair value:**

The Company uses the hierarchy of the fair value to determine the fair value of financial instruments and disclose it based on the valuation method:

**Level 1** - Quoted market prices in active markets for identical assets or liabilities

**Level 2** - Other valuation techniques that are significant to the fair value measurement is directly or indirectly observable

**Level 3** - Inputs that are significant to the fair value measurement is unobservable

The Company used to hold such financial instruments and financial liabilities in the statement of financial position:

<b>31 December 2024</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets at fair value</b>				
Listed in an active market	<b>393,855,234</b>	-	-	<b>393,855,234</b>
Not listed in an active market	-	-	<b>299,750,362</b>	<b>299,750,362</b>
<b>Financial liabilities at fair value</b>	<b>393,855,234</b>	-	<b>299,750,362</b>	<b>693,605,596</b>
<b>31 December 2023</b>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
<b>Financial assets at fair value</b>				
Listed in an active market	353,850,946	-	-	353,850,946
Not listed in an active market	-	-	308,087,425	308,087,425
	353,850,946	-	308,087,425	661,938,371

### **33. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

#### **Reconciliation of level 3**

The table below shows reconciliation of all movements in fair value of financial instruments categorized into level 3 between the beginning and end of the financial period:

#### **a) Financial assets at fair value:**

	<b>31 December 2024</b>	31 December 2023
<b>Opening balance</b>	<b>308,087,425</b>	296,632,537
Disposals	-	(80,317)
Evaluation	<b>(8,337,063)</b>	11,535,205
<b>Closing balance</b>	<b>299,750,362</b>	308,087,425

#### **b) Financial liabilities at fair value:**

	<b>31 December 2024</b>	31 December 2023
<b>Opening balance</b>	-	(17,837,774)
Disposals	-	17,837,774
<b>Closing balance</b>	-	-

### **34. RISK MANAGEMENT OBJECTIVES AND POLICIES**

Risks are part of the Group's operations and are managed through a continuous mechanism including the identification and then assessment of risks with follow up. Risk management is important for the Group's ability to achieve gains. Every employee in the Group is responsible for risk management related to his roles and responsibilities.

The Board members review risks and approve them:

#### **Capital risk management**

The Group manages its capital to ensure that it will be able to continue. The capital structure of the Group consists of net debts (Murbaha financing to offset against cash and cash equivalents) and equity (comprising of capital, reserves, retained earnings, unrealized gains from revaluation of investments available for sale and a subsidiary's translation of financial statements).

The capital structure as at the end of the year is as follows:

	<b>31 December 2024</b>	31 December 2023
Total debts	<b>571,715,212</b>	662,412,817
Less: cash and cash equivalents	<b>(79,414,492)</b>	(102,842,295)
Net debts	<b>492,300,720</b>	559,570,522
Total equity	<b>1,351,639,276</b>	1,351,780,390
Debt to equity ratio (%)	<b>36%</b>	%41

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**34. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****Liquidity risk**

Liquidity risk is the risk that the Company's inability to meet commitments associated with financial instruments when fall due. Liquidity requirements are monitored on monthly basis to ensure that sufficient funds are available to meet any commitments when arise; including credit facility agreements against future commitments.

The table below summarises the maturities of the Company's undiscounted financial liabilities, based on contractual payment dates and current market commission rates:

<b>31 December 2024</b>	<b><i>Within one year</i></b>	<b><i>1 to 5 years</i></b>	<b><i>Total</i></b>
Payables and other current liabilities	<b>377,656,826</b>	-	<b>377,656,826</b>
Short term Islamic Murabaha financing	<b>471,888,822</b>	-	<b>471,888,822</b>
Murabaha Islamic financing contracts and long-term loans	<b>49,583,333</b>	<b>50,243,057</b>	<b>99,826,390</b>
Lease liabilities	<b>14,154,120</b>	<b>27,847,292</b>	<b>42,001,412</b>
Dividends payable	<b>12,042,133</b>	-	<b>12,042,133</b>
Due to related parties	<b>553,100</b>	-	<b>553,100</b>
<b>Total</b>	<b>925,878,334</b>	<b>78,090,349</b>	<b>1,003,968,683</b>

<b>31 December 2023</b>	<b><i>Within one year</i></b>	<b><i>1 to 5 years</i></b>	<b><i>Total</i></b>
Payables and other current liabilities	380,793,234	-	380,793,234
Short term Islamic Murabaha financing	585,116,092	-	585,116,092
Murabaha Islamic financing contracts and long-term loans	38,407,832	38,888,893	77,296,725
Lease liabilities	17,748,576	24,028,719	41,777,295
Dividends payable	12,113,214	-	12,113,214
Due to related parties	553,100	-	553,100
	<b>1,034,732,048</b>	<b>62,917,612</b>	<b>1,097,649,660</b>

**Market risk**

A proper framework is established to manage the market risks with respect to all assets including those unquoted and/or exposed to price fluctuations.

**a) Commission rate risk**

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in commission rates in the market. The Group is subject to commission rate risk on its commission bearing assets and liabilities; including Murabaha contracts and term loans. The Group limits its commission rate risk by monitoring changes in commission rate risk on its interest-bearing liabilities. The Group also enters into swap contracts to reduce fluctuations in commission rates.



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**34. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****Market risk (continue)**

A 100 basis points change in the commission rates of the floating rate SR denominated deposits/loans as at the date of the financial statements would increase/(decrease) the net income of the year by the amounts stated below. The below analysis presumes that all other variables will remain constant:

	<u>31 December 2024</u>		<u>31 December 2023</u>	
	+ 100	- 100	+ 100	- 100
	basis	basis	basis	basis
	points	points	points	points
Murabaha financing	(571,715)	571,715	(662,413)	662,413

**b) Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. 28% of the Group's sales for the year ended 31 December 2024 represent the subsidiary's sales Halwani and Brothers Company - Egypt (31 December 2023: 33%) Egyptian Pound is used as the operational currency.

As at 31 December 2024, the Group's financial assets and financial liabilities in foreign currencies related to the subsidiary (mainly in USD and Egyptian Pound) amounted to SR 146.5 million and SR 75.5 million (2023: SR 163.7 million and SR 85.7 million) respectively.

The Group did not undertake significant transactions in currencies other than Saudi Riyals and US Dollars during the year. As the Saudi Riyal is pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk. With respect to the effect of the fluctuations in the currencies rates arising from the translation of the subsidiary' financial statements for purposes of consolidating the financial statements will be shown within the equity in a separate item. The Group manages the currencies risk through monitoring the changes in the currencies rates continuously and taking the appropriate decisions.

**c) Raw material price risk**

The Group is using various raw materials as production inputs in its production process. Such raw materials are subject to price fluctuations that may affect the business results of the Group. To minimise such risk, the management monitors the prices of raw materials and take the decisions to purchase in view of price forecasts.

**Impairment of goodwill**

The Company's management assess the goodwill's potential impairment at each reporting period. This assessment takes into consideration the expected future cash flows from each cash generating unit. The calculation of goodwill is most sensitive to the following assumptions:

- Valuation method
- Gross Margin.
- Growth rates used.
- Weighted average cost of capital.
- Terminal value growth rate

**34. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**  
**Impairment of goodwill (continue)**

*Valuation Method*

The discounted cash flow method was used to determine the recoverable amount.

*Weighted Average*

Cost of Capital A discount rate of 10.6% was used, which represents the weighted average cost of capital with an adjustment factor of 2% to reflect the company's specific risks.

*Gross margin*

Gross margin is based on average value achieved during the three years preceding the budget period, and after adjustments related to the anticipated efficiency improvements in the cash generating units.

*Growth rate*

Rates are based on average value achieved during the three years preceding the budget period, and after adjustments related to present contracts and the management's perception of the growth in the market size as well as geographical expansion.

*Weighted average cost of capital*

The Group used this rate in discounting projected cash flows in order to reach the value in use.

*Terminal Value Growth Rate*

The perpetual growth rate was calculated based on the expected growth rate of the GDP in the Kingdom of Saudi Arabia over the next five years, which is estimated at 3%. For the purposes of conservative estimation, a perpetual growth rate of 2% was used in calculating the terminal value within the discounted cash flow model.

*Sensitivity to change in assumptions*

The Group used a discount rate of 10.6% in discounting projected cash flows for the purpose of goodwill impairment study, and as a result, there is no impairment to be recorded. The impairment may exist, if the discount rate reached 20%.

***Credit risk***

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables, obtaining LCs and LGs as securities from customers.

With respect to credit risk arising from the other financial instruments of the Group including cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter parties, with a maximum exposure equal to the carrying amounts of these instruments.

### **34. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

#### ***Credit risk***

The following is information regarding the credit risk to which the Company may be exposed in relation to receivables using the provision matrix:

<b>2024</b>	<b>Not due</b>	<b>&lt; 90 days</b>	<b>91-180 days</b>	<b>181-365 days</b>	<b>360&lt; days</b>	<b>Total</b>
<b>Expected credit loss rate</b>	<b>0.36%</b>	<b>2.56%</b>	<b>15.09%</b>	<b>52.98%</b>	<b>18.91%</b>	
<b>Estimated carrying amounts at default</b>	<b>168,854,658</b>	<b>43,176,540</b>	<b>3,847,345</b>	<b>2,511,165</b>	<b>229,475,428 (*)</b>	<b>447,865,136</b>
<b>Expected credit loss</b>	<b>603,842</b>	<b>1,105,850</b>	<b>580,719</b>	<b>1,330,423</b>	<b>43,396,142</b>	<b>47,016,976</b>

<b>2023</b>	<b>Not due</b>	<b>&lt; 90 days</b>	<b>91-180 days</b>	<b>181-365 days</b>	<b>360&lt; days</b>	<b>Total</b>
<b>Expected credit loss rate</b>	<b>0.29%</b>	<b>6.57%</b>	<b>28.45%</b>	<b>45.80%</b>	<b>21.19%</b>	
<b>Estimated carrying amounts at default</b>	<b>150,438,822</b>	<b>70,111,947</b>	<b>19,582,230</b>	<b>14,889,399</b>	<b>231,686,790 (*)</b>	<b>486,709,188</b>
<b>Expected credit loss</b>	<b>436,793</b>	<b>4,603,301</b>	<b>5,570,525</b>	<b>6,819,868</b>	<b>49,094,660</b>	<b>66,525,147</b>

(\*) This balance includes the amount due from the seller of land north of Riyadh in the amount of 199 million Saudi riyals (Note 18).

#### **Business risk**

Business risks arise from several external factors including epidemic diseases that generally affect processed meat industry. Other risk may arise from the possible shortage of agriculture crops used as basic raw materials in food industry. To reduce such risks the management monitors such risks and takes the appropriate decisions according to the situation.

### **35. SIGNIFICANT EVENTS**

#### **The decline in the value of the currency of the Arab Republic of Egypt**

During the current year end 31 December 2024, the Egyptian pound recorded a decrease in the exchange rate against the Saudi riyal. As a result, a currency translation adjustment was recorded regarding the translation of operations of the subsidiary company in the Arab Republic of Egypt.

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**36. NEW AMENDED STANDARDS AND INTERPREPERATIONS**

There are a number of standards, amendments to standards and interpretations issued by the IASB that are effective for future accounting periods and the Company has decided not to early adopt them.

<b><u>IFRS</u></b>	<b><u>Summary</u></b>	<b><u>Effective date</u></b>
IAS 21	Amendment – Lack of Exchangeability	1 January 2025
IFRS 9 and IFRS 7	Amendments regarding the classification and measurement of financial instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards	Amendments/Annual improvements in IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7	1 January 2026
IFRS 18	Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19	Disclosures – Subsidiaries without Public Accountability	1 January 2027

The Company is currently assessing the impact of these new accounting standards and amendments. The Company does not expect any standard issued by IASB that are yet to be effective, to have a material impact on the Company.

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

The following are the new standards, interpretations and amendments to standards that are effective in the current year but they have no impact on these financial statements.

<b><u>IFRS</u></b>	<b><u>Summary</u></b>	<b><u>Effective date</u></b>
IFRS 16	Amendment – Lease Liability in a Sale and Leaseback	1 January 2024
IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2024
IAS 1	Amendment – Non-current Liabilities with Covenants	1 January 2024
IAS7and IFRS 7	Amendment – Supplier Finance Arrangements	1 January 2024

**37. BRANCHES OF SUBSIDIARIES**

The consolidated financial statements include assets, liabilities and results of operations of the following branches:

Halwani Brothers Company:

<b><u>S.No</u></b>	<b><u>City</u></b>	<b><u>Commercial Registration No.</u></b>	<b><u>S.No</u></b>	<b><u>City</u></b>	<b><u>Commercial Registration No</u></b>
1	Riyadh	1010062529	8	Taif	4032009936
2	Buraydah	1131009885	9	Madinah	4650007871
3	Dammam	2050021082	10	Jeddah	4030296028
4	Tabuk	3550019554	11	Jeddah	4030289434
5	Jeddah	4030296025	12	Khamis Mushait	5855011496
6	Makkah	4031023161	13	Yanbu	4700001129
7	Jeddah	4030016296			

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**37. BRANCHES OF SUBSIDIARIES (CONTINUED)**

Al Rabie Saudi Foods Company:

S. No	City	Commercial Registration No.	S. No	City	Commercial Registration No
1	Riyadh	1010851253	12	Taif	4032228005
2	Riyadh	1010614214	13	Madina	4650245867
3	Riyadh	1010614212	14	Jeddah	4030123496
4	Riyadh	1010025275	15	Makkah	4031213827
5	Abha	5855015525	16	Mahil	5860023508
6	Baha	5800010301	17	Yanbu	4700011061
7	Al-Qunfudhah	4603149656	18	Unaizah	1128003924
8	Jizan	5900005720	19	Tabouk	3550014766
9	Al mabraz	2252026326	20	Hail	3350160874
10	Dammam	2050033489	21	Dawadmi	1116626774
11	Kharj	1011008756	22	Narjan	5950007467

**38. COMPARATIVE FIGURES**

The Group's management has reclassified some items in the statement of financial position, profit or loss and other comprehensive income for the comparison year to be consistent with the current year's classification, as follows:

-The Company has not presented a third column in the statement of financial position as at January 1, 2023 to reflect the effect of the amendment because management believes that the presentation of this information does not materially affect the decision of users of these financial statements.

- These adjusted amounts in the financial statements, together with adjustments to the statement of financial position as at 1 January 2023 that would have been disclosed had a third statement of financial position been presented, are as follows:

	31 December 2023		31 December 2023
<b>Consolidated statement of income</b>	<b>Previously Reported</b>	<b>Restatement</b>	<b>Restated</b>
Revenue from contracts with customers	1,616,679,792	23,151,659	1,639,831,451
Cost of revenue	(1,232,682,895)	(34,491,913)	(1,267,174,808)
Selling and distribution expenses	(293,480,117)	9,148,550	(284,331,567)
Other operating revenues	(1,826,661)	2,191,704	365,043
Expenses for contingent claims provision	(14,849,840)	14,849,840	-
Other Income /(expenses), Net	995,624	(13,471,900)	(12,476,276)
Gain/(loss) on fair value through income statement derivatives	1,377,940	(1,377,940)	-

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**38. COMPARATIVE FIGURES**

	1 January 2023		1 January 2023
<b>Consolidated statement of financial position</b>	Previously Reported	Restatement	Restated
Property, plant and equipment	806,413,221	(1,200,396)	805,212,825
Investment Properties	5,000,000	7,305,875	12,305,875
Accounts payable and other current liabilities	355,325,899	6,105,479	361,431,378
	31 December 2023		31 December 2023
<b>Consolidated statement of income</b>	Previously Reported	Restatement	Restated
Property, plant and equipment	665,196,074	(1,200,396)	663,995,678
Investment properties	45,134,328	7,305,875	52,440,203
Inventory	368,645,062	(6,455,235)	362,189,827
Receivables	370,862,606	49,321,435	420,184,041
Prepayments and other receivables	53,854,483	7,789,849	61,644,332
Due from related parties	1,334,614	(1,334,614)	-
Accounts payable and other current liabilities	325,366,320	55,980,014	381,346,334
Due to related parties	553,100	(553,100)	-

These adjustments had no material material impact on the consolidated statement of cash flows or the consolidated statement of changes in equity.

**39. SUBSEQUENT EVENTS**

During the subsequent period, on February 2, 2025, it was announced that one of the invested companies, "Umm Al-Qura Development and Construction Company", intended to offer its shares for initial public offering and listing on the Saudi main market. Trading in the shares is expected to begin by the end of the first quarter of 2025.

Other than that, management believes that there are no significant subsequent events since the end of the year that may require disclosure or amendment to these consolidated financial statements

**40. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

These consolidated financial statements were approved for issuing by Board of Directors on 11 Ramadan 1446 (H) Corresponding to 11 March 2025 (G).