

**HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**CONDENSED INTERIM FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH PERIOD
ENDED MARCH 31, 2025**

**HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025**

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Review report on the condensed interim financial statements

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Herfy Food Services Company (the “Company”) as at March 31, 2025 and the related condensed interim statements of comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes (the “condensed interim financial statements”). The Board of Directors are responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 - “Interim Financial Reporting” (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

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

Conclusion

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

PricewaterhouseCoopers



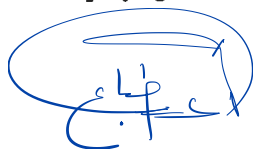
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11 May 2025

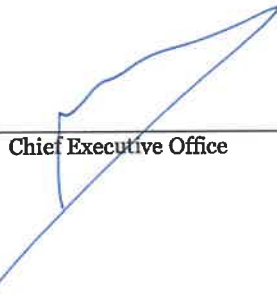
**HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2025
(All amounts in Saudi Riyals unless otherwise stated)**

	Note	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	738,577,567	761,348,456
Right-of-use assets	7	480,565,546	501,185,681
Net investments in finance lease		4,041,027	4,322,850
Intangible assets		8,987,064	9,631,437
Investment properties	8	150,627,267	151,796,197
Other non-current assets		2,447,483	2,447,483
Total non-current assets		1,385,245,954	1,430,732,104
Current assets			
Inventories	9	117,533,426	122,864,512
Trade, other receivables and prepayments	10	182,702,538	153,611,859
Net investments in finance lease – current portion		787,990	789,354
Cash and cash equivalents		24,830,336	9,622,497
Total current assets		325,854,290	286,888,222
TOTAL ASSETS		1,711,100,244	1,717,620,326
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	646,800,000	646,800,000
Retained earnings		259,593,906	278,190,749
Total equity		906,393,906	924,990,749
LIABILITIES			
Non-current liabilities			
Lease liabilities	7	432,844,059	453,657,727
Employees' defined benefits liabilities		75,191,191	77,760,767
Total non-current liabilities		508,035,250	531,418,494
Current liabilities			
Lease liabilities – current portion	7	65,287,011	68,507,435
Trade and other payables	12	225,727,892	182,306,607
Zakat payable	13	5,656,185	10,397,041
Total current liabilities		296,671,088	261,211,083
TOTAL LIABILITIES		804,706,338	792,629,577
TOTAL EQUITY AND LIABILITIES		1,711,100,244	1,717,620,326

The accompanying notes 1 to 19 form part of these condensed interim financial statements.



The authorized member of
the Board of Directors



Chief Executive Office



Director of Finance

**HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025
(All amounts in Saudi Riyals unless otherwise stated)**

	Note	For the three-month period ended (Unaudited)	
		March 31, 2025	March 31, 2024
Revenue		268,550,530	289,042,298
Cost of revenue		(207,152,754)	(216,937,926)
Gross profit		61,397,776	72,104,372
Selling and distribution expenses		(50,532,036)	(51,483,614)
General and administrative expenses		(17,360,347)	(15,264,010)
(Provision)\reversal of impairment loss on non - financial assets		(2,127,413)	777,181
(Provision)\reversal of impairment on financial assets		(1,699,138)	489,615
Other income, net		763,896	2,776,969
Operating (loss)\profit		(9,557,262)	9,400,513
Finance cost		(8,189,581)	(8,802,269)
Net (Loss)\profit before zakat		(17,746,843)	598,244
Zakat	13	(850,000)	(150,000)
Net (Loss)\profit for the period		(18,596,843)	448,244
Other comprehensive income for the period		-	-
Total comprehensive (loss)/income for the period		(18,596,843)	448,244
(loss) / earnings per share (SR)	15		
Basic and diluted earnings per share attributable to the equity shareholders of the Company		(0.29)	0.01
Weighted average number of shares		64,680,000	64,680,000

The accompanying notes 1 to 19 form part of these condensed interim financial statements.



The authorized member of
the Board of Directors



Chief Executive Office



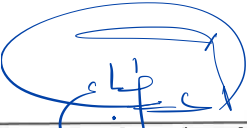
Director of Finance

**HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025
(All amounts in Saudi Riyals unless otherwise stated)**

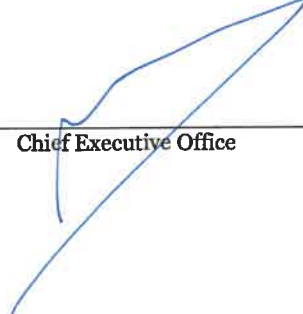
For the Three-month period ended March 31, 2024	Share capital	Retained earnings	Total equity
Balance as at January 1, 2024 (Audited)	646,800,000	386,677,112	1,033,477,112
Net profit for the period	-	448,244	448,244
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	448,244	448,244
Balance as at March 31, 2024 (Unaudited)	646,800,000	387,125,356	1,033,925,356

For the Three-month period ended March 31, 2025	Share capital	Retained earnings	Total equity
Balance as at January 1, 2025 (Audited)	646,800,000	278,190,749	924,990,749
Net Loss for the period	-	(18,596,843)	(18,596,843)
Other comprehensive loss for the period	-	-	-
Total comprehensive loss for the period	-	(18,596,843)	(18,596,843)
Balance as at March 31, 2025 (Unaudited)	646,800,000	259,593,906	906,393,906

The accompanying notes 1 to 19 form part of these condensed interim financial statements.



The authorized member of
the Board of Directors



Chief Executive Office



Director of Finance

**HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025
(All amounts in Saudi Riyals unless otherwise stated)**

	Note	For the Three-month period ended (Unaudited)	
		March 31, 2025	March 31, 2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (Loss)\ profit before zakat		(17,746,843)	598,244
Adjustments for:			
Depreciation on property, plant and equipment	6	20,002,845	20,096,612
Depreciation on right-of-use assets	7	21,035,413	19,660,140
Depreciation on investment properties	8	1,164,731	1,186,063
Amortization of intangible assets		644,373	707,795
Impairment/(reversal) of impairment loss on non-financial assets	6	2,127,413	(777,181)
Provision\ (Reversal) of impairment on financial assets	10	1,699,138	(489,615)
Provision for employees' defined benefits liabilities		2,402,927	3,448,202
Loss / (gain) on disposal of property, plant and equipment		981,822	(499,817)
Interest income		(49,314)	(58,434)
(Gain)/loss from termination of lease agreement		(177,537)	15,786
Finance cost		8,189,581	8,802,269
Movement in working capital			
Inventories		5,331,086	10,699,872
Trade, other receivables and prepayments		(30,789,817)	(42,691,370)
Trade and other payables		43,421,285	27,867,354
Cash generated from operating activities		58,237,103	48,565,920
Zakat paid	13	(5,590,856)	-
Employees' defined benefits liabilities paid		(4,972,503)	(2,324,318)
Net cash generated from operating activities		47,673,744	46,241,602
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(478,754)	(5,287,812)
Ancillary finance lease income received		332,501	332,500
Proceeds from the sale of property, plant and equipment		141,762	628,124
Net cash used in investing activities		(4,491)	(4,327,188)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short term borrowings		-	10,000,000
Repayment of borrowings		-	(15,274,545)
Principal elements of lease payments	7	(24,271,833)	(28,452,989)
Finance cost paid on lease liabilities	7	(8,189,581)	(8,579,479)
Net cash used in financing activities		(32,461,414)	(42,307,013)
Net change in cash and cash equivalents		15,207,839	(392,599)
Cash and cash equivalents at beginning of the period		9,622,497	15,109,162
Cash and cash equivalents at end of the period		24,830,336	14,716,563
Supplement information on non-cash items:			
Additions to right of use assets and lease obligation		2,553,261	5,601,846
Disposal to right of use assets		(2,137,983)	(300,581)
Disposal to lease obligation		(2,315,520)	(284,795)

The accompanying notes 1 to 19 form part of these condensed interim financial statements.

 _____ The authorized member of the Board of Directors	 _____ Chief Executive Office	 _____ Director of Finance
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**HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025
(All amounts in Saudi Riyals unless otherwise stated)**

1 Legal status and operations

Herfy Food Services Company ("the Company") is a Saudi Joint-Stock Company formed under the laws of the Kingdom of Saudi Arabia and registered under the commercial register under No. 7000329776 (previously No. 1010037702) on 04 Jamad-ul-Awal 1401H (corresponding to March 09, 1981).

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

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

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

As at March 31, 2025, the total number of restaurants owned and leased by the Company were 41 and 337 respectively (December 31, 2024: 40 owned and 342 leased), operating in the Kingdom of Saudi Arabia under the trademark of "HERFY". The Company also operates bakeries and bakery shops "Herfy Bakeries / Doka".

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

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

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

The Company has the following branches:

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

2 Basis of preparation

2.1 Statement of compliance

These condensed interim financial statements of the Company as at and for the three-month period ended March 31, 2025 have been prepared in accordance with International Accounting Standard 34 – "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IAS-34 as endorsed in KSA").

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

**HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025
(All amounts in Saudi Riyals unless otherwise stated)**

3 Significant accounting judgements, estimates, and assumptions

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

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

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

Significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual audited financial statements for the period ended December 31, 2024, except for the judgment related to the impairment of the Sudair factory work in progress amounting to SR 34.7 million on leased land from The Saudi Authority for Industrial Cities and Technology Zones "Modon". On 1 April 2024, Herfy received an official letter from Modon requesting an explanation for the delay in operating the factory, which was against the agreement, and asking for an approved plan and timeline to avoid terminating the contract and reclaiming the land. Modon sent a follow up second notice on 2 May 2024, stating that this will be the final notice before taking any action. On 27 March 2025, Modon informed Herfy of the decision to take over the land within 30 days due to the lack of operation and response to previous letters, with no right to object or claim any compensation after the 30-day period from the date of the letter. Modon reserved the right to claim compensation for any losses, damages, or expenses incurred due to the breach of contract, and that Herfy will be responsible for paying all rents due until the date of actual receipt of the land by Modon. On 20 April 2025, Herfy requested a three-month grace period to submit a corrective plan, which Modon approved on 29 April 2025.

Considering the fact that Modon has agreed to Herfy's request to grant a three-month grace period for Herfy to submit a corrective plan for approval by Modon, the Company believes that there is no impact on the lease term because the lessor never terminated the lease and lessor termination options are disregarded under IFRS 16. Management also believes that there is no indicator of impairment on the work in progress as of 31 March 2025 on the basis that the Company fully expects to come back into compliance with the terms of the lease, complete the work in progress, and recover the carrying amount. However, should the Company fail to deliver a plan within the three-month period ending 29 July 2025 to the satisfaction of Modon, then Modon may act to seize the land and the work in progress built upon it resulting in the total loss of the leasehold rights and all construction upon the leasehold land.

4 Consistent application of accounting policies

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

New standards, interpretations and amendments adopted by the Company

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

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

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

New standards and interpretations not yet adopted by the Company

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 31 March 2025 reporting periods and have not been early adopted by the Company.

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

HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025
(All amounts in Saudi Riyals unless otherwise stated)

5 Related party transactions and balances

Related parties represent shareholders, directors and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management and are at arm's length. Outstanding balances at the period ended March 31, 2025, and the year ended December 31, 2024 are unsecured, interest free and settled in cash. For the year ended December 31, 2024, no such impairment was recorded for the period ended March 31, 2025 and the year ended December 31, 2024. This assessment is undertaken each financial reporting period by examining the financial position of the related party and the market in which the related party operates.

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

Transactions during the period ended March 31 (Unaudited)

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

Names of related parties	Nature of transactions	2025	2024
Panda Retail company (PRC)	Sales to PRC	4,071,664	5,991,955
	Rent charged by PRC to the Company on short-term lease	(612,060)	(484,483)
Afia International Company	Purchases from Afia International Company	(2,950,259)	(5,460,380)
United Sugar Factory	Purchases from United Sugar Factory	(684,766)	(852,715)
International Food Industries Company	Purchases from International Food Industries Company	(1,927,860)	(1,980,990)

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

Names of related parties	Nature of transactions	2025	2024
Bazbazah Int Company	Rent charged by Bazbazah Int Company on short-term lease	(71,250)	(71,250)
	Rent charged to Bazbazah Int Company on short-term lease	60,000	61,792
	Lease payments during the period	(205,000)	-
Taza Restaurant Company Limited	Sales to Taza Restaurant Company Limited	53,513	49,953
El Mazaq El Amsal Company	Rent charged to El Mazaq El Amsal Company	87,500	87,500
Qitaf Company	Rent charged to the Company on short-term leases	(437,500)	(437,500)
	Lease payments during the period	(450,000)	(450,000)

• *Transactions with shareholders*

Names of related parties	Nature of transactions	2025	2024
General Organization for Social Insurance (GOSI)	Rent charged by GOSI on short-term leases	(81,413)	(170,288)
	Employees subscription cost	(4,287,988)	(5,030,260)
Mr. Ahmed Al Saeed	Rent charged by the shareholder to the Company on short-term leases	-	(62,500)

• *Transactions with the previous board member*

Names of related parties	Nature of transactions	2025	2024
Mr. Khalid Al Saeed	Rent charged by the previous board member to the Company on short-term leases	-	(62,500)

HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025
(All amounts in Saudi Riyals unless otherwise stated)

5 Related party transactions and balances (continued)

Transactions during the period ended March 31 (Unaudited) (continued)

• *Transactions with associates of the ultimate parent company*

Names of related parties	Nature of transactions	2025	2024
Kinan Company	Rent charged by Kinan Company on short-term leases	(26,056)	(20,700)

• *Transactions with board member*

Names of related parties	Nature of transactions	2025	2024
Al Marai Company	Purchases from Al Marai Company	(938,510)	(312,047)

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

• *Balances with the subsidiaries of the ultimate parent company*

Names of related parties	Classification	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Panda Retail Company	Trade, other receivables and prepayments	7,845,013	7,544,842

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

Names of related parties	Classification	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Taza Restaurant Company Limited	Trade, other receivables and prepayments	30,796	68,210
Double Coffee Company	Trade, other receivables and prepayments	33,042	33,042
Green Leave Company	Trade, other receivables and prepayments	32,062	32,062
Meslan Investment Company	Trade, other receivables and prepayments	31,671	31,671
El Mazaq El Amsal Company	Trade, other receivables and prepayments	1,499,908	1,487,040
Bazbazah International Trading Company	Trade, other receivables and prepayments	116,446	116,446
	Net investment in finance lease	75,886	75,886

• *Balances with the shareholders*

Names of related parties	Classification	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Mr. Ahmed Al Saeed	Trade, other receivables and prepayments	310,824	310,824
General Organization for Social Insurance (GOSI)	Trade, other receivables and prepayments	65,704	65,705

• *Balances with the previous board members*

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

HERFY FOOD SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025
(All amounts in Saudi Riyals unless otherwise stated)

5 Related party transactions and balances (continued)

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

- Balances with the subsidiaries of the ultimate parent company directly and indirectly

Names of related parties	Classification	March 31,	December 31,
		2025 (Unaudited)	2024 (Audited)
Panda Retail company (PRC) - directly	Lease liabilities – current	972,179	1,420,954
	Lease liabilities – non-current	3,466,758	3,317,983
Afia International Company - indirectly	Trade and other payables	198,750	2,340,387
International Food Industrial Company- indirectly	Trade and other payables	1,299,960	442,980
United Sugar Factory - indirectly	Trade and other payables	167,523	266,206

- Balances with the shareholders

Names of related parties	Classification	March 31,	December 31,
		2025 (Unaudited)	2024 (Audited)
General Organization for Social Insurance (GOSI)	Lease liabilities – current	411,823	211,623
	Lease liabilities – non-current	706,958	907,158

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

Names of related parties	Classification	March 31,	December 31,
		2025 (Unaudited)	2024 (Audited)
Bazbazah International trading Company	Lease liabilities – current	482,424	726,938
	Lease liabilities – non-current	4,400,040	4,460,526
	Trade and other payables	393,000	393,000
Qitaf Company	Lease liabilities – current	953,218	971,277
	Lease liabilities – non-current	11,543,811	11,975,752

- Balance with the associate of the parent company

Names of related parties	Classification	March 31,	December 31,
		2025 (Unaudited)	2024 (Audited)
Kinan Company	Trade and other payables	73,269	-

- Balance with board member

Names of related parties	Classification	March 31,	December 31,
		2025 (Unaudited)	2024 (Audited)
Al Marai Company	Trade and other payables	185,481	789,318

Remunerations of the Board and key management personnel in the company

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

For the Board of Directors of the Company for three-month period ended March 31, 2025, amounted to SR 1.1 million Saudi riyals (March 31, 2024: 1.1 million Saudi riyals).

For the Company's key Management personnel three-month period ended March 31, 2025 amounted to SR 1.2 million (March 31, 2024: 1.5 million Saudi riyals).

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

HERFY FOOD SERVICES COMPANY
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025
(All amounts in Saudi Riyals unless otherwise stated)

6 Property, plant and equipment

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Net book value at the beginning of the period / year	761,348,456	831,436,142
Additions during the period / year	478,754	17,857,026
Disposals during the period / year	(1,123,584)	(1,774,219)
Transfer to investment properties during the period / year	-	(2,937,541)
Transfer from investment properties during the period / year	4,199	-
Depreciation for the period / year	(20,002,845)	(83,549,169)
(Impairment)/reversal of Impairment loss for the period / year	(2,127,413)	316,217
Net book value at the end of the period / year	738,577,567	761,348,456

7 Right-of-use assets and lease liabilities

7.1 Right-of-use assets

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Net book value at the beginning of the period / year	501,185,681	549,162,923
Additions during the period / year	2,553,261	41,295,855
Disposal during the period / year	(2,137,983)	(5,772,712)
Depreciation for the period / year	(21,035,413)	(83,500,385)
Net book value at the end of the period/year	480,565,546	501,185,681

7.2 Lease liabilities

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Net book value at the beginning of the period / year	522,165,162	562,661,056
Additions during the period / year	2,553,261	41,295,855
Disposal during the period / year	(2,315,520)	(6,848,250)
Finance cost for the period / year	8,189,581	34,693,200
Lease payments during the period / year	(32,461,414)	(109,636,699)
	498,131,070	522,165,162
Current portion	65,287,011	68,507,435
Non-current portion	432,844,059	453,657,727

8 Investment properties

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Net book value at the beginning of the period / year	151,796,197	153,629,044
Transfers from property plant and equipment for the period / year *	-	2,937,541
Transfers to property plant and equipment for the period/year	(4,199)	-
Depreciation for the period / year	(1,164,731)	(4,770,388)
Net book value at the end of the period / year	150,627,267	151,796,197

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

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9 Inventories

	Note	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Raw materials		44,574,828	47,482,991
Finished goods		23,210,866	23,207,400
Packing materials		16,035,624	16,195,574
Spare parts, not held for sale and to be consumed within one year		26,462,116	26,864,414
Operational supplies		24,569,776	26,433,917
		134,853,210	140,184,296
Less: provision for slow moving inventory	9.1	(17,319,784)	(17,319,784)
		117,533,426	122,864,512

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

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

10 Trade, other receivable and prepayments

	Note	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Trade receivables – external parties		124,307,103	98,674,711
Less: provision for expected credit losses on external parties	10.1	(31,508,668)	(29,809,530)
Trade receivables from external parties, net		92,798,435	68,865,181
Trade receivables – related parties	5	10,167,987	9,892,363
Less: provision for expected credit losses on related parties	10.2	(578,058)	(578,058)
Trade receivables – related parties, net		9,589,929	9,314,305
Trade receivables, net		102,388,364	78,179,486
Prepayments		30,511,088	29,866,052
Advance for investment	10.3	-	-
Advances to suppliers		43,181,138	41,948,867
Other receivables		6,621,948	3,617,454
		182,702,538	153,611,859

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

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Balance at the beginning of the period / year	29,809,530	17,352,093
Provided during the year	1,699,138	12,457,437
Balance at the end of the period / year	31,508,668	29,809,530

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

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

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10 Trade, other receivable and prepayments (continued)

10.3 Advance for investment

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

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

11 Share capital

Share Capital

The Company's paid-in capital consists of 64.680 million shares as of March 31, 2025 (December 31, 2024: 64.680 million shares) of SR 10 each.

12 Trade and other payables

	Note	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Trade payable – related parties	5	2,317,983	4,231,891
Trade payable – third parties		104,510,751	105,153,935
Accrued expenses		76,562,966	59,169,196
Advance rent and rebate		16,852,393	3,322,421
Other payables		25,483,799	10,429,164
		225,727,892	182,306,607

13 Provision for zakat

The movement in the provision for zakat is as follows:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Balance at the beginning of the period / year	10,397,041	2,379,467
Provided during the period / year	850,000	7,108,000
Adjustment for prior years	-	7,837,616
Payment during the period / year	(5,590,856)	(6,928,042)
Balance at the end of the period / year	5,656,185	10,397,041

14 Status of assessments

Zakat return for the year ended December 31, 2023 has been filed and the invoice issued as per system of Zakat, Tax and Customs Authority ("ZATCA") was settled during the year ended December 31, 2024. While zakat return for the year ended December 31, 2024 is not filed yet as of 31 March 2025.

Zakat assessments have been raised by the ZATCA for the years 2014 to 2022 assessing additional zakat liability of SR 21.15 million against which the Company has filed an appeal. During the year ended December 31, 2024, the ZATCA partially accepted the Company's appeal and reduced the additional zakat liability to SR 7.8 million for the years from 2014 to 2022, during the period ended March 31, 2025 the company settled the remaining balance due to ZATCA amounting to SR 5.6 million).

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

The Company has obtained a certificate from ZATCA valid until Shawwal 21 1446H corresponding to April 30, 2025.

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15 Contingencies and commitments

15.1 Contingencies

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

15.2 Commitments

The capital expenditure committed by the Company but not incurred till March 31, 2025 SR 7.9 million (December 31, 2024: SR 8.8 million)

15.3 Bank guarantees

The Company is liable for the bank guarantees issued on behalf of the Company amounting to SR 6.9 million (December 31, 2024: SR 9.6 million) and letters of credit issued on behalf of the Company amounting SR 1.25 million (December 31, 2024: SR 1.34 million) in the normal course of business.

16 Earnings per share

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

	March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)
Net (Loss) \ profit for the period	(18,596,843)	448,244
Weighted average number of ordinary shares for the purpose of basic / diluted earnings (loss) / earnings per share (SR)	64,680,000	64,680,000
- Basic	(0.29)	0.01
- Diluted	(0.29)	0.01

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

17 Segment information

The Company operates principally in the following major business segments:

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

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

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17 Segment information

17.1 Selected financial information for the three-months period ended March 31, 2025 and 2024, and the year ended December 31,2024, summarized by the above business segments, was as follows (in thousand Saudi Riyal):

For the three-month period ended March 31, (Unaudited)	Restaurants		Meat factory		Bakeries		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Total segment revenue	212,574	220,960	50,026	49,528	37,109	48,541	299,709	319,029
Inter-segment revenue	-	-	(27,101)	(26,399)	(4,057)	(3,588)	(31,158)	(29,987)
Net revenue (external)	212,574	220,960	22,925	23,129	33,052	44,953	268,551	289,042
Gross profit	35,162	37,628	18,530	23,329	7,706	11,147	61,398	72,104
Operating (Loss) / profit	(16,822)	(5,783)	11,168	13,503	(3,903)	1,681	(9,557)	9,401
Net segment (Loss) \ profit for the period	(25,601)	(14,495)	11,144	13,501	(4,140)	1,442	(18,597)	448

	Restaurants		Meat factory		Bakeries		Total	
	March 31, 2025 (Unaudited)	31 December 2024 (Audited)	March 31, 2025 (Unaudited)	31 December 2024 (Audited)	March 31, 2025 (Unaudited)	31 December 2024 (Audited)	March 31, 2025 (Unaudited)	31 December 2024 (Audited)
Total assets	1,385,520	1,381,002	81,088	92,720	244,492	243,898	1,711,100	1,717,620
Total liabilities	722,014	715,307	25,892	22,468	56,800	54,855	804,706	792,630

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18 Subsequent events

In the opinion of management, there have been no significant subsequent events that may require adjustments or disclosures in the condensed interim financial statements. Except for filling the zakat return for the year ended December 31, 2024, and obtaining the zakat certificate that is valid till 30 April 2026.

19 Approval of the condensed interim financial statements

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