NOFOTH FOOD PRODUCTS COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

NOFOTH FOOD PRODUCTS COMPANY
(A SAUDI JOINT STOCK COMPANY)

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FOR THE YEAR ENDED 31 DECEMBER 2024

RSM Allied Accountants Professional Services Co.

Riyadh - Olaya District - Al Oruba Street
1st Floor, Building No. 3193
P.O. Box 8335, Riyadh - 12333
Tel.: +966 11 416 9361
Fax: +966 11 416 9349
Kingdom of Saudi Arabia
www.rsmksa.com
C.R : 4030228773

شركة ار اس ام المحاسبون المتحدون للإستشارات المهنية

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INDEPENDENT AUDITOR'S REPORT

To: The Shareholders
Nofoth Food Products Company
(A Saudi Joint Stock Company)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Nofoth Food Products Company, A Saudi Joint-stock Company, (the "Company")**, which comprise the statement of financial position as at 31 Decmber 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the Company's financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matter	How we addressed the matter during our audit
Revenue recognition During the year ended 31 December 2024, the company recorded sales revenue for the amount of SAR 365.1 million (2023: SAR 308.2 million) as disclosed in (Note 20). Revenue is recognized in accordance with IFRS 15 – Revenue from Contracts with Customers, when the customer obtains control of the goods. This occurs when the goods are delivered, accepted by the customer, and the sales invoice is issued. Revenue is a key performance indicator, and there is an inherent risk of overstatement to enhance profitability. Given that, we have determined that revenue recognition is a key audit matter. For related disclosure, refer to Note (4) Accounting Policies and Note (20) in the accompanying related financial statements disclosures.	**We performed the following procedures:** • The appropriateness of the accounting policies for recognizing the Company's revenue and assessing the extent to which those policies comply with IFRS 15. • Testing the design and operating effectiveness of control procedures in relation to revenue recognition and receivables as well as the cut-off procedures to ensure that revenue is recognized in the correct period. • Testing a sample of products sold and verifying the proper application of the revenue recognition policy. • Performed analytical procedures to verify the validity of revenue recognition. • Performed cut-off procedures on the timing of the recognition of revenue from sales after delivery of products to customers and recorded in the correct accounting period. • Evaluated the completeness and adequacy of revenue-related disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
To: the Shareholders
Nofoth Food Products Company
(A Saudi Joint Stock Company)

<u>Report on the Audit of the Financial Statements (Continued)</u>

Other Information

Other information consists of the information included in the Company's 2024 annual report which is expected to be made available to us after the date of this auditors' report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report.

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

In connection with our audit of the 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants and the Regulations for Companies and the Company's by-laws and such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance i.e. Board of Directors are responsible for overseeing the company`s financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the internal control of the Company.
- 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 Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
To: The Shareholders
Nofoth Food Products Company
(A Saudi Joint Stock Company)

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibility for the Audit of the 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 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.

RSM Allied Accountants Professional Services

Mohammed Bin Farhan Bin Nader
License No. 435
Riyadh, Saudi Arabia
4 Ramadan 1446 AH (corresponding to 4 March 2025 AD)

NOFOTH FOOD PRODUCTS COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	**31 December 2024 SAR**	31 December 2023 SAR
Assets			
Non-current assets			
Property and equipment, net	5	**71,539,197**	40,837,346
Right-of-use assets, net	6	**48,469,468**	29,340,405
Intangible assets, net	7	**3,605,367**	52,879
Advance payments for the purchase of intangible assets	8	**180,194**	72,928
Total non-current assets		**123,794,226**	70,303,558
Current assets			
Inventory, net	9	**14,023,115**	11,702,911
Trade receivable, prepaid expenses and other receivables, net	10	**19,808,817**	15,510,396
Islamic Murabaha deposits	12	**74,355,554**	55,000,000
Cash and cash equivalents	13	**3,775,047**	10,350,422
Total current assets		**111,962,533**	92,563,729
Total assets		**235,756,759**	162,867,287
Equity and Liabilities			
Equity			
Share capital	1	**48,000,000**	24,000,000
Employees’ benefits remeasurement reserve		**(810,390)**	(630,429)
Treasury shares	14	**(6,920,027)**	-
Retained earnings		**101,049,846**	83,013,661
Total equity		**141,319,429**	106,383,232
Liabilities			
Non-current liabilities			
Lease liabilities - non-current portion	6	**28,868,030**	14,174,579
Employees’ benefit obligations	16	**5,779,996**	4,153,397
Deferred revenue – non-current portion	17	**681,041**	1,465,084
Total non-current liabilities		**35,329,067**	19,793,060
Current liabilities			
Lease liabilities - current portion	6	**15,688,956**	12,746,673
Deferred revenue – current portion	17	**285,000**	480,000
Trade payables, accrued expenses and other payables	18	**41,682,459**	21,643,318
Zakat provision	19	**1,451,848**	1,821,004
Total current liabilities		**59,108,263**	36,690,995
Total liabilities		**94,437,330**	56,484,055
Total equity and liabilities		**235,756,759**	162,867,287

The accompanying notes from (1) to (32) are an integral part of these financial statements.

Chief Financial Officer | Chief Executive Officer | Chairman of the Board of Directors

NOFOTH FOOD PRODUCTS COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

Profit or loss	Note	**2024 SAR**	2023 SAR
Sales	20	**365,059,686**	308,189,985
Cost of sales	21	**(138,751,207)**	(125,218,746)
Gross profit		**226,308,479**	182,971,239
Selling and marketing expenses	22	**(128,497,390)**	(103,661,388)
General and administrative expenses	23	**(47,721,624)**	(36,581,558)
Provision for expected credit losses	10	**(76,719)**	(39,159)
Profit from operations		**50,012,746**	42,689,134
Finance costs	24	**(1,997,824)**	(1,169,100)
Other income, net	25	**5,024,938**	2,923,568
Net profit for the year before Zakat		**53,039,860**	44,443,602
Zakat	19	**(1,403,675)**	(1,772,847)
Net profit for the year		**51,636,185**	42,670,755
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Actuarial (losses)/gain from remeasurement of employees' benefit obligations	16	**(179,961)**	95,387
Total other comprehensive (loss)/income for the year		**(179,961)**	95,387
Total comprehensive income for the year		**51,456,224**	42,766,142
Earnings per share			
Basic and diluted earnings per share in net profit for the year	26	**1.08**	0.89
Weighted average of outstanding shares at the end of the year	26	**47,779,812**	48,000,000

The accompanying notes from (1) to (32) are an integral part of these financial statements.

Chief Financial Officer	Chief Executive Officer	Chairman of the Board of Directors

NOFOTH FOOD PRODUCTS COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital SAR	Statutory reserve SAR	Employees' benefits remeasurement reserve SAR	Treasury shares SAR	Retained earnings SAR	Total equity SAR
Balance as at 1 January 2023	24,000,000	5,883,466	(725,816)	-	39,259,440	68,417,090
Net profit for the year	-	-	-	-	42,670,755	42,670,755
Other comprehensive income	-	-	95,387	-	-	95,387
Total comprehensive income for the year	-	-	95,387	-	42,670,755	42,766,142
Dividends (Note 29)	-	-	-	-	(4,800,000)	(4,800,000)
Transferred from statutory reserve to retained earnings (Note 1,15)	-	(5,883,466)	-	-	5,883,466	-
Balance as at 31 Decmeber 2023	24,000,000	-	(630,429)	-	83,013,661	106,383,232
Net profit for the year	-	-	-	-	**51,636,185**	**51,636,185**
Other comprehensive loss	-	-	**(179,961)**	-	-	**(179,961)**
Total comprehensive income for the year	-	-	**(179,961)**	-	**51,636,185**	**51,456,224**
Dividends (Note 29)	-	-	-	-	**(9,600,000)**	**(9,600,000)**
Transferred from retained earnings to increase the share capital (Note 1)	**24,000,000**	-	-	-	**(24,000,000)**	-
Purchase of treasury stocks (Note 14)	-	-	-	**(6,920,027)**	-	**(6,920,027)**
Balance as at 31 Decmeber 2024	**48,000,000**	-	**(810,390)**	**(6,920,027)**	**101,049,846**	**141,319,429**

The accompanying notes from (1) to (32) are an integral part of these financial statements.

Chief Financial Officer | Chief Executive Officer | Chairman of the Board of Directors

NOFOTH FOOD PRODUCTS COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 SAR	2023 SAR
Cash flows from operating activities		
Net profit for the year before zakat	**53,039,860**	44,443,602
Adjustments to reconcile the net profit for the year before zakat:		
Depreciation of property and equipment	**11,612,726**	9,357,923
Depreciation of right-of-use assets	**15,697,138**	12,088,949
Amortization of intangible assets	**51,652**	37,754
Loss on disposal of property and equipment	**417**	180,618
Gain on disposal of right of use assets	**-**	(37,826)
Provision charged for expected credit losses	**76,719**	39,159
Provision for damaged and slow moving inventory	**(460,115)**	1,070,255
Provision for employees benefits obligations	**1,648,558**	1,235,489
Finance costs	**1,997,824**	1,169,100
	83,664,779	69,585,023
Changes in operating assets and liabilities:		
Inventory	**(1,860,089)**	227,194
Trade receivable, prepaid expenses and other receivables	**(4,375,140)**	(3,712,194)
Trade payables, accrued expenses and other payables	**19,450,244**	3,655,074
Deferred revenue	**(979,043)**	588,751
Cash generated from operating activities	**95,900,751**	70,343,848
Employees' benefits obligations paid	**(399,899)**	(393,435)
Zakat provision paid	**(1,772,831)**	(887,923)
Net cash generated from operating activities	**93,728,021**	69,062,490
Cash flows from investing activities		
Purchase of property and equipment	**(42,319,121)**	(13,365,002)
Purchase of intangible assets	**(3,229,457)**	-
Paid for goodwill acquisition	**(374,683)**	-
Proceeds from disposal of property and equipment	**4,127**	16,000
Advance payments for the purchase of intangible assets	**(107,266)**	(72,928)
Investment in Islamic Murabaha deposits	**(187,284,828)**	(95,000,000)
Proceeds from Islamic Murabaha deposits	**167,929,274**	40,000,000
Net cash used in investing activities	**(65,381,954)**	(68,421,930)
Cash flows from financing activities		
Dividends paid	**(9,600,000)**	(4,800,000)
Payment for treasury shares	**(6,920,027)**	-
Lease liabilities payments	**(18,401,415)**	(13,836,780)
Net cash used in financing activities	**(34,921,442)**	(18,636,780)
Net change in cash and cash equivalents	**(6,575,375)**	(17,996,220)
Cash and cash equivalents at the beginning of the year	**10,350,422**	28,346,642
Cash and cash equivalents at the end of the year	**3,775,047**	10,350,422

Non-cash transactions (Note 28)

The accompanying notes from (1) to (32) are an integral part of these financial statements.

Chief Financial Officer Chief Executive Officer Chairman of the Board of Directors

1-ORGANIZATION AND ACTIVITIES

Nofoth Food Products Company is a Saudi listed joint stock company ("the Company") registered in the Kingdom of Saudi Arabia under Commercial Registration number 1010441682 issued in Riyadh on 1 Jumada al-Awwal 1437 (corresponding to 10 February 2016).

The Company's activities include retail sales of bakery products and sugary sweets, retail sales of nuts, coffee, spices, and perfumes, operating service restaurants, providing food service contracting, managing main offices, manufacturing sugary sweets such as confectionery, caramel, toffee, and nougat, operating dry food stores, offering light transportation services, wholesale of used oils and export, automated bread production, pie manufacturing, biscuit production, and the production of various types of popular and oriental sweets. The Company also handles the road transport of goods, including refrigerated, frozen goods and main offices activities.

The Company conducts its activities through the following branches registered under separate commercial registration (CR) numbers:

Branch name	CR number	Location	Date
Maqsood Al Mumayaz Company for Providing Meals	1010277617	Riyadh	22/12/1430
Al-Balah Al-Thahabi Trading Company	1010372414	Riyadh	18/06/1434
Top Hundred Trading Company	1010470546	Riyadh	04/08/1437
Grape Leaf Field Company for Providing Meals	1010480895	Riyadh	02/04/1440
Darb Al-Nofoth Company for Catering Services	1010616272	Riyadh	08/04/1441
Al-Balah Al-Thahabi Company for Providing Meals	1010616727	Riyadh	15/04/1441
Mamoula Sweets Company	1010655023	Riyadh	04/02/1442
Pinkish Bite Company for Providing Meals	1010689438	Riyadh	11/07/1442
Dukkan Luqaimat Company for Providing Meals	1010710468	Riyadh	25/08/1438
Arab Coffee House Trading Company	1010928171	Riyadh	19/03/1439
Mamoula Sweets Company	1128187035	Unaizah	22/06/1443
Mamoula Sweets Company	1131322103	Buraydah	30/11/1443
Grape Leaf Field Company for Providing Meals	1131322104	Buraydah	30/11/1443
Mamoula Sweets Company	2051247227	Al Khobar	24/08/1444
Al-Balah Al-Thahabi Trading Company	2511114442	Hafar al-Batin	17/01/1441
Al-Balah Al-Thahabi Company for Providing Meals	3350142366	Hail	23/05/1440
Grape Leaf Field Company for Providing Meals	4030480255	Jeddah	26/12/1443
Mamoula Sweets Company	4031263816	Makkah	28/08/1443
Mamoula Sweets Company	4032266258	Taif	27/07/1444
Mamoula Sweets Company	5850152769	Abha	09/03/1446
Mamoula Sweets Company	4650248556	Al Madina	09/02/1444
Grape Leaf Field Company for Providing Meals	5900147507	Jezan	14/10/1445

1- ORGANIZATION AND ACTIVITIES (Continued)

On Rabi` al-Awwal 21, 1444H (corresponding to 17 October 2022), the Company obtained approval from the Saudi Capital Market Authority for its request to register its shares and offer 288,000 shares, representing 12% of its total shares, for direct listing in the parallel market "Nomu".

On 1 Dhul-Hijjah 1444H (corresponding to 19 June 2023), the extraordinary general assembly of shareholders approved the board of directors' recommendation to split the company's shares without any change in the Company's capital before or after the split. The nominal value of each share before the split was 10 Saudi Riyals, with a total of 2,400,000 shares. After the split, the nominal value per share became 1 Saudi Riyal, increasing the number of shares to 24,000,000. Furthermore, refer to the Company's letter dated 30 May 2023, addressed to the Capital Market Authority, it was noted that the share split would apply to all shareholders who owned shares as of the extraordinary general assembly meeting date and were registered in the Company's shareholder register with the Securities Depository Center Company (Edaa) at the end of the second trading day following the meeting. On the same date, the extraordinary general assembly also approved the transfer of the statutory reserve balance of 5,883,466 Saudi Riyals to the Company's retained earnings.

On 19 Shawwal 1444H (corresponding to 9 May 2023), the Company's board of directors recommended that the extraordinary general assembly vote on amending the Company's articles of association. The shareholders' general assembly approved the board's proposal on 1 Dhul-Hijjah 1444H (corresponding to 19 June 2023). The legal procedures were completed on 23 July 2023, finalizing the amendments to the articles of association and commercial records with the Ministry of Commerce.

On 25 Jumada Al Thani 1445H (corresponding to 7 January 2024), the extraordinary general assembly approved the board's recommendation, dated 19 Safar 1445H (corresponding to 4 September 2023), to increase the Company's capital by Saudi Riyals 24,000,000 through a transfer from retained earnings. This increased the Company's capital to Saudi Riyals 48,000,000, divided into 48,000,000 shares, with a nominal value of 1 Saudi Riyal each.

The Company's headquarters address is: Kingdom of Saudi Arabia – Riyadh – 6383 Abi Bakr Al-Siddiq, Al-Nuzhah, 2747.

On 24 November 2024, a purchase agreement was concluded between Maqsood Restaurants Establishment and Nofoth Food Products Company for the acquisition of the "Maqsood Restaurants" brand, including its branches and assets. The total consideration for this acquisition amounted to Saudi Riyals 3,700,000. The fair value of the purchased assets and the agreed consideration on that date are as follows:

	1 December 2024 SAR
Assets	
Non-Current assets	
Trademark (Note 7, A)	**3,229,457**
Goodwill (Note 7, B)	**374,683**
Property and equipment, net (Note 5)	**47,636**
Total Non-Current Asset	**3,651,776**
Current assets	
Inventory	**48,224**
Total current assets	**48,224**
Total Assets	**3,700,000**
Liabilities	
Current liabilities	
Trade payables	**3,700,000**
Total Current liabilities	**3,700,000**

2-BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2-1 STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the International Financial Reporting Standard ("IFRS") and its interpretations as issued by the International Accounting Standards Board ("IASB") that are endorsed in KSA and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

2-2 PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on a historical cost basis unless IFRS requires the use of another measurement basis, as indicated in the summary of significant accounting policies (Note 4), and in accordance with the accrual principle and going concern.

2-3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Saudi Riyals, which is the Company's functional and presentation currency.

3-NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

3-1 The company adopted the following new standards and amendments for the first time in its annual reports, effective from 1 January 2024:

3-1-1 Amendments to International Financial Reporting Standard 16 - Lease Liabilities in Sale and Leaseback Transactions

These amendments include requirements for sale and leaseback transactions under International Financial Reporting Standard 16, aiming to clarify how a company should account for sale and leaseback transactions after the transaction date. Specifically, the amendments address sale and leaseback transactions in which some or all lease payments are considered variable lease payments, dependent on an index or rate that is highly likely to be affected.

3-1-2 Amendments to International Accounting Standard 1 - Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current

These amendments clarify how compliance with conditions that a company must adhere to within twelve months after the reporting period affects the classification of liabilities. These amendments also aim to improve the information provided by the company regarding liabilities subject to these conditions.

3-1-3 Amendments to International Accounting Standard 7 and International Financial Reporting Standard 7 - Supplier Financing Arrangements

These amendments require disclosures to enhance the transparency of supplier financing arrangements and their effects on the company's liabilities, cash flows, and exposure to liquidity risks. The adoption of the above-mentioned amendments had no material impact on the financial statements during the year.

3-2 Standards issued but not yet adopted

The following is a list of new standards and amendments to existing standards that are applicable for periods beginning on or after January 1, 2025, with early adoption allowed, but the company has not applied them when preparing these financial statements. The company is currently assessing the impact of adopting these standards on its financial statements.

3-2-1 Amendments to International Accounting Standard 27 – Inconvertibility

The entity is affected by the amendments when it has a transaction or operation involving a foreign currency that is not convertible into another currency at the measurement date for a specific purpose.

3-2-2 Amendments to International Financial Reporting Standard 9 and International Accounting Standard 7 - Classification and Measurement of Financial Instruments

-Clarification of the recognition timing requirements for certain financial assets and liabilities, and the derecognition of these assets and liabilities, with a new exception for certain financial liabilities settled through an electronic cash transfer system.

- Clarification and additional guidance on how to assess whether a financial asset meets the criterion of only paying principal and interest. New disclosures have been added for certain instruments with contractual terms that could alter cash flows, such as instruments with features tied to environmental, social, and governance (ESG) objectives.

- Updates to the disclosures related to equity instruments classified at fair value through other comprehensive income.

3-NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS (CONTINUED)

3-2-3 International Financial Reporting Standard 18, Presentation and Disclosure in Financial Statements.

The new standard for presentation and disclosure in financial statements, with a focus on updates to the income statement, includes the following key concepts introduced in International Financial Reporting Standard 18:

- Structure of the Income Statement;
- Required Disclosures in the Financial Statements for Certain Profit or Loss Performance Metrics Reported Outside the Entity's Financial Statements (i.e., Management-Defined Performance Metrics):
- Strengthening the Principles of Aggregation and Classification Applicable to the Financial Statements and Notes in General.

4-MATERIAL ACCOUNTING POLICIES

The following are the material accounting policies that have been applied by the Company in preparation of the financial statements. These accounting policies are consistently applied for all the years presented:

Use of Judgments and Estimates

The preparation of the financial statements requires management to make judgments, estimates, and assumptions at reporting date that affect the reported amounts of assets, liabilities, revenues, and expenses. However, these estimates and assumptions are based upon management's experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

<u>The following are information about the assumptions and estimates that have a material impact on the amounts reported in the financial statements:</u>

-Estimated useful lives of property and equipment, right of use assets and intangible assets

Management reviews the useful lives of of property, equipment, right of use assets and intangible assets to calculate depreciation and amortization. These estimates are determined after taking into account the expected use of assets, obsolescence, and damage. The management reviews the residual value and useful lives annually and changes in depreciation and amortization expense in current and future periods, if any.

Goodwill- Annual test for impairment of goodwill

Goodwill is tested for impairment for groups of cash-generating units to which goodwill has been allocated. Groups of cash-generating units are determined based on specific acquisitions and the cash-generating units resulting from those acquisitions. The structure and groups of cash-generating units are evaluated on an annual basis. Goodwill is tested for impairment at least annually for each group of cash-generating units to which goodwill has been allocated. Discounted cash flow models are used to determine value in use.

-Provision for slow-moving inventory items

Management makes an allowance for slow moving and obsolete inventory items. Inventories are measured at the lower of cost or net realizable value. Estimates of net realizable value are based on the most reliable evidence at the time the estimates are made. These estimates take into account price or cost fluctuations that are directly related to events occurring after the reporting date.

- Impairment of non-financial assets

The value of a non-financial asset decreases when the carrying amount of an asset or cash generating unit exceeds the recoverable value of that asset or cash generating unit representing the fair value of the asset less the costs of selling or its use value, whichever is greater. The fair value of the asset is estimated through sales made on a purely commercial basis of identical assets or market prices of similar assets that can be observed less the additional costs of selling the asset, while the use value is calculated based on the present value of cash flows projected over the next five years Such projected cash flows do not include restructuring activities to which the company is not yet committed, or significant future investments that will enhance the performance of the assets or the cash generating unit under test. Recoverable value is most sensitive to the discount rate used to calculate cash flows as well as projected future cash flows and growth rate used for estimation purposes of the value in use.

-Incremental Borrowing Rate for Lease Contracts:

If the company cannot easily determine the implicit interest rate in lease contracts, it uses the incremental borrowing rate (IBR) to measure lease liabilities. The IBR represents the interest rate the company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment, over a similar period, and with similar security. Therefore, the incremental borrowing rate reflects what the company would need to pay and requires estimation when observable rates are not available or when they need to be adjusted to reflect the terms and conditions of the lease.

4-MATERIAL ACCOUNTING POLICIES (CONTINUED)

Use of Judgments and Estimates (Continued)

The following are information about the assumptions and estimates that have a material impact on the amounts reported in the financial statements:

-Incremental Borrowing Rate for Lease Contracts: (continued)

The company estimates the incremental borrowing rate using observable inputs, such as prevailing market rates when available, and must make certain company-specific assumptions.

-Impairment of non-derivative financial assets

The Company recognizes allowances for expected credit losses (“ECL”) for financial assets measured at amortized cost such as accounts receivable. The Company assesses future credit losses using the ECL model for financial assets measured at amortized cost. For accounts receivable, the Company applies the simplified approach, which measures the loss allowance at an amount equal to lifetime expected credit losses for all accounts receivable since the initial recognition. To assess the ECL, accounts receivable are Companyed based on shared risk characteristics and aging. The expected loss rates were calculated based on historical information of the Company and adjusted to reflect the expected future results which include future information on macroeconomic factors such as inflation and GDP growth rate. Other financial assets such as employees’ receivables and bank balances have low credit risk and applying the ECL model is considered insignificant.

-Employee benefit obligations

Post-employment defined benefits and the current value of those benefits are determined actuarial valuations. The actuarial valuation includes further assumptions regarding variables that are required such as discount rates, rate of salary increase and returns on assets, mortality rates, increase in future pensions. Due to the complexity of the valuation, the underlying assumptions, and its long-term nature, a defined benefit liability is highly sensitive to changes in these assumptions. All actuarial assumptions are reviewed at the date of every reporting date.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value definition includes the assumption that the Company will continue its operations where there is no intention or condition to physically limit the volume of its operations or conduct a transaction with negative terms. Fair values are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:

Level 1: Quoted market prices in active markets for identical assets.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Classification of assets and liabilities as "current" or "non-current"

The Company presents assets and liabilities in the statement of financial position on a current / non-current basis. The assets are considered current as follows:

- When it is expected to be realized or is intended to be sold or consumed during the normal cycle of operations.
- If it is acquired primarily for the purpose of trading.
- When it is expected to be achieved within twelve months after the fiscal year, or

4- MATEIAL ACCOUNTING POLICIES (CONTINUED)

Classification of assets and liabilities as "current" or "non-current" (Continued)

-When they are cash and cash equivalents, unless there are restrictions on their replacement or use to pay any liabilities for a period of not less than twelve months after the financial year.

All other assets are classified as "non-current".

The liabilities are considered current as follows:

-When it is expected to be paid during the normal business cycle
-If it is acquired primarily for the purpose of trading.
-When it matures within twelve months after the fiscal year, or
-When there is no unconditional right to defer the payment of liabilities for a period of not less than twelve months after the financial year.

All other liabilities are classified as "non-current".

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of assets. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment. Expenditures on maintenance and repairs are expensed, while expenditures for improvements are capitalized. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets. Sold or disposed assets and their accumulated depreciation are written-off at the date of sale or disposal.

The annual estimated rates of depreciation for the main items of the assets are as follows:

Item	Depreciation %
Leasehold improvements	20% or lease term, whichever is lower
Electrical tools and equipment	20%
Vehicles	20%
Furniture and fixtures	20%

Depreciation method and useful lives are reviewed periodically to ensure that the depreciation method is appropriate with the expected economic benefits of property and equipment.

Projects under Construction

Projects under construction represent the expenses incurred by the Company in building and constructing new equipment and facilities. Projects under construction are transferred to property and equipment or to the investment properties when the asset is intended for use in its purpose.

Intangible assets and goodwill are as follows:

A) Trademarks

Intangible assets represent the brand “Maqsood” which the Company acquired and has a useful life of more than one year. They are measured at cost less accumulated amortization and any accumulated impairment losses, if any.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure that is internally generated is recognized in profit or loss as incurred. The cost of the current asset less its residual value is amortized using the straight-line method over its estimated useful life and is recognized in profit or loss.

The annual estimated rates of amortization of the trademarks are as follows:

Item	Amortization%
Trademarks	10%

B) Programs

Intangible assets that include technical programs which the Company has acquired and have a useful life of more than 1 year are measured at cost, less accumulated amortization, and any accumulated impairment losses.

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in a specific asset to which they relate, and all other expenses that are internally generated are recognized in the statement of profit or loss when incurred. Amortization of costs of intangible assets are calculated less the residual value using the straight-line basis over their estimated useful lives and are recognized in the statement of profit or loss. The annual estimated rates of Amortization of the intangable assets are as follows:

Statement	Amortization%
Computer programs and accounting systems	20%

4- MATERIAL ACCOUNTING POLICIES (CONTINUED)

Intangible assets and goodwill are as follows: (Continued)

C) Goodwill

Goodwill arising from the acquisition of operations is recognized at cost at the acquisition date, less any accumulated impairment losses, if any.

For the purposes of testing the impairment of goodwill, it is allocated to each cash-generating unit (CGU) or group of CGUs expected to benefit from the business combination.

The CGU to which the goodwill has been allocated is tested for impairment annually or more frequently if there is an indication of impairment of the unit. If the recoverable amount of the CGU is less than its carrying amount, any impairment loss is first allocated to reduce the carrying amount of any goodwill allocated to the unit, and then to other assets in the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Impairment losses recognized for goodwill are not reversed in subsequent periods.

When the relevant CGU is disposed of, the amount attributed to the goodwill is included in determining the gain or loss on the disposal.

Impairment of assets

At each statement of financial position date, the Company reviews the carrying amounts of its property and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If there is any indication that assets have suffered an impairment loss, the recoverable amount of any affected asset (or Company of assets) is estimated and compared to its carrying amount. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in statement of profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that relate directly to the purchase or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through the statement of profit or loss) are added to the fair value of financial assets and financial liabilities or deducted from them, as appropriate, upon initial recognition. Transaction costs that are directly related to the purchase of financial assets and liabilities and are measured at fair value through the statement of profit or loss are recognized directly in the statement of profit or loss.

First: Financial assets

Financial assets are classified into the following specified categories: Financial assets ‘at fair value through profit or loss’ (FVTPL), Financial assets measured at fair value through other comprehensive income, and financial assets measured at amortized cost. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The company measures financial asset at amortised cost when it is within the business model to hold assets in order to collect contractual cash flows, and contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A regular way purchase or sale of financial assets is recognized using trade date. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A) Financial assets measured at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through the statement of profit or loss if they have been acquired or held for the purpose or selected to be classified in this category.

Financial assets are classified as held for trading if:

- If they were acquired mainly to be sold in the near future.
- If they represent a known portfolio of financial instruments managed by the Company and include the actual pattern of a financial instrument that generates profits in the short term.
- If they represent a derivative but not classified or effective as a hedging instrument.

Financial assets measured at fair value through the statement of profit or loss are stated at their fair value, and any gain or loss resulting from the revaluation is recognized in the statement of profit or loss.

4-MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (continued)

A) Financial assets measured at fair value through profit or loss (FVTPL) (CONTINUED)

Net profit or loss includes any dividends or interest due from the financial asset and is included in the statement of profit or loss.

B) Financial assets measured at Fair value through other comprehensive income (FVOCI)

Gains and losses arising from changes in fair value are included in the statement of other comprehensive income and are added to statement of accumulated changes in fair value of investments within equity other than impairment losses which are included in the statement of profit or loss. If investment is disposed or suffered an impairment, profits and losses resulted from previous evaluation which were recognized in investment revaluation reserve are included in the statement of other comprehensive income.

Dividends income from investments are recognized in equity instruments at fair value through the statement of other comprehensive income when the Company’s right to receive payment has been established and is shown as income in the statement of profit or loss unless dividends clearly represent a recovery of part of the investment cost. Other profits and losses are recognized in statement of other comprehensive income and are never reclassified to the statement of profit or loss.

C) Financial assets measured at amortized cost

Accounts receivable, including trade and other receivables, Cash and cash at banks and Murabaha deposits are measured at amortized cost using the effective interest method less any impairment loss and charged to the statement profit or loss.

Interest income is determined using the effective interest rate, except for short-term receivables when the discount effect is insignificant

Second: Financial liabilities

Financial liabilities (including trade payables) are measured subsequently at amortised cost using the effective interest method.

The Company derecognizes financial liabilities when, and only when, the Company’s obligations are discharged, canceled, or have expired. The difference between the carrying amount of disposed financial liabilities and the amount paid is charged to the statement of profit or loss.

Effective interest rate method

The effective interest method is an accounting practice used for calculating the amortized cost of a debt instrument and for distributing interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (Including all fees and points paid or received, which form an integral part of the effective interest rate, transaction costs, installments or other discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Inventory

Inventories are stated at the lower of cost and net realizable value, except for spare parts and raw materials that are stated at cost. Costs of inventories include cost of purchase, direct and indirect costs to place inventory on site and in the current situation. The cost is determined using the weighted average basis. A provision for obsolete and slow-moving items based on management estimates at the reporting date of the financial statements.

Accounts receivable

Accounts receivable are stated at the original amount of invoice, less provision for expected credit losses. An allowance against expected credit losses is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Bad debts are written off as incurred against related provisions. Provisions are charged to the statement of profit or loss. Any receivables recovered subsequently that were previously written off are recorded under revenues.

Cash and cash equivalents

Cash and cash equivalents are include cash in hand and in banks, which are available to the Company without restrictions and which are subject toan insignificant risk of changes in value.

Lease contracts

Company as a lessor

Lease receivables under operating leases are recognized in the statement of profit or loss on a straight-line basis over the relevant lease term.

4-MATERIAL ACCOUNTING POLICIES (CONTINUED)

Lease contracts (Continued)

Company as a lessee

At the commencement of non-cancellable operating lease contracts, the leased asset is recognized as a "right-of-use asset," measured at cost, adjusted for any relevant components of the lease term, lease liabilities, including initial direct costs, and lease incentives mentioned in the lease agreement.

After initial recognition, the "right-of-use asset" is measured periodically using the cost model, which includes the initial measurement and any adjustments for remeasurement, less accumulated depreciation.

The company depreciates the right-of-use asset over the estimated lease term on a straight-line basis.

At the lease commencement date, the net present value of all unpaid lease payments as of that date is discounted using an appropriate rate. After initial measurement, the "lease liabilities" are periodically measured by increasing the carrying amount to reflect interest expense on future unpaid lease liabilities, and any adjustments for remeasurement, reduced by lease payments made up to that date.

An appropriate depreciation rate is applied to the "right-of-use asset," and an appropriate interest rate is applied to the "lease liabilities." Depreciation, interest, and financing expenses are recognized in the profit or loss statement..

Short-term Leases and Leases of Low-value Assets:

Short-term Leases are leases with a lease term of 12 months or less. Low-value assets refer to items that do not meet the capitalization threshold for the company and are considered immaterial in relation to the company’s overall balance sheet.

For both short-term leases and leases of low-value assets, the payments associated with these leases are recognized on a weighted average in the profit or loss statement.

Employees’ Benefits Obligations

-End-of-service indemnities

The end-of-service indemnity provision is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position and the gains and losses are recognized in other comprehensive income in the period in which they occur, remeasurements recognized within retained earinings in other comprehensive income and are not recharged to the statement of profit or loss.

-Retirement benefits

The Company contributes for a defined benefit plan to the General Organization for Social Insurance in respect of its Saudi employees. These payments are expensed when incurred.

-Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits related to wages and salaries are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of short-term employee benefits are measured at the un-discounted amount of the benefits expected to be paid in exchange for the related service.

Related party

A related party is a person or entity associated with the Company that prepares its financial statements.

A) If a person or one of their close family members is closely related to the company preparing its financial statements

1-Has control or joint control over the company.

2- Has significant influence over the company.

3-Is a member of the key management of the company or its parent company.

B) If the entity is related to the company preparing its financial statements in the case that any of the following conditions are met:

1)The entity and the company preparing its financial statements are members of the same group (meaning that both the parent company and its subsidiaries and affiliates are related to each other).

2)One of the companies is an associate or joint venture of the other company (or an associate or joint venture of a member of the group to which the other company belongs).

3)Both companies are joint ventures of the same third party.

4)One of the companies is a joint venture of a third company, and the other company is an associate of the third company.

5)The company is controlled or jointly controlled by a specific person as described in paragraph (A).

4-MATERIAL ACCOUNTING POLICIES (CONTINUED)

Related party (Continued)

6)The specific person referred to in paragraph (A) has significant influence over the company or is a member of the key management of the company (or the parent company).

7)The company or any member of its group provides part of the services of the key management personnel to the company preparing its financial statements or to the parent company of the company preparing the financial statements.

Treasury shares

Equity instruments of repurchased shares, which are treasury shares intended for use in employee stock option programs, are recorded at cost and deducted from equity. They are adjusted for transaction costs, dividends, and any gains or losses from the sale of these shares. No gains or losses are recognized in the profit or loss statement when purchasing, selling, issuing, or canceling equity instruments of the company. Any differences between the book value and the compensation in the case of reissue are recorded in retained earnings.

Accounts payable, accrued expenses and other payables

Liabilities are recognized for amounts to be paid in the future for services received, whether invoiced by suppliers or not.

Value-added tax

Expenses and assets are recognized net of the amount of value-added tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included.

Provisions

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

Provisions are measured to the best of the expected fair value of the liability as at the balance sheet date, taking into account risks and uncertainties surrounding the obligation. When an allowance is measured using estimated cash flows to settle the present obligation, the receivable is recognized as an asset if the receipt and replacement of the amount are confirmed and the amount can be measured reliably.

Zakat provision

Zakat is an estimated obligation for the company and is recognized in the attached financial statements by being charged to the profit or loss statement in accordance with the Zakat Standard and the opinion issued by the Saudi Organization for Certified Public Accountants. It is calculated for the year on an estimated basis according to the accrual principle. Zakat is calculated at the end of the year based on either the adjusted net income or the Zakat base, whichever is greater, in accordance with the regulations of the Zakat, Tax, and Customs Authority in the Kingdom of Saudi Arabia. Any differences between the provision and the final assessment are adjusted in the year in which the final assessment is received.

Dividends

Dividends to shareholders under current liabilities are recognized in the statement of financial position in the period in which dividends are approved by the partners in the company.

Revenues

Revenue is recognized when the Company fulfills its obligations in contracts with customers with an amount that reflects the material compensation that the entity expects for goods or services. Specifically, the standard provides a five-step model for revenue recognition:

Step 1: Identify the contract with the customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when or as the entity satisfies a performance obligation.

Revenue Recognition from the Sale of Food and Beverages

Revenue is recognized at a point in time upon the sale of food and beverages when all of the following conditions are met:

-The entity has transferred the significant risks and rewards of ownership of the goods to the buyer.
-The entity does not retain the continuing managerial involvement to the degree normally associated with ownership or effective control over the sold goods.
-The amount of revenue can be measured reliably.
-It is probable that the economic benefits associated with the transaction will flow to the entity.
-The costs incurred or to be incurred by the entity in relation to the transaction can be measured reliably.

4-MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenues (Continued)

Revenue Recognition from Franchise Fees

The company has entered into agreements with various entities for the use of the trademarks "Mamoula" and "Enaba" Franchise fees for the use of the trademark are calculated as a percentage of the total sales to customers using the trademark. The outputs of a specific transaction can be reliably estimated when the following conditions are met:

-The amount of revenue can be measured reliably.

-It is probable that the economic benefits associated with the transaction will flow to the entity.

The costs incurred in the transaction and the costs required to complete the transaction can be measured reliably.

Segment information

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. The operating results of all operating segments are reviewed regularly by the Chief Operating Officer in his capacity as the Company's chief decision maker to make decisions about resources to be allocated to the segments and to assess their performance, and for which discrete financial information is available.

Earnings per share

The Company presents basic and diluted earnings per share (if any) for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to the Company's ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, adjusted for its own shares (if any). Diluted earnings per share (if any) is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for shares owned, to reflect the effects of all potential dilutive ordinary shares.

Other income

Other income are recognized when realized.

Expenses

All direct expenses related to generating activity revenues are included in the cost of revenues, while expenses related to sales and marketing operations are included in sales and marketing expenses, and the remaining expenses are classified as general and administrative expenses, as common expenses are distributed between the cost of revenues, selling and marketing expenses, and general and administrative expenses, common expenses are distributed according to fixed bases.

Finance costs

Borrowing costs directly attributable to construction or production of an asset that necessarily takes a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. All other borrowing costs are recognized as an expense in the period in which they are incurred. . Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

Offset

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

Foreign currency transaction

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of profit or loss.

Contingent liabilities

Contingent liabilities are not recognized in the financial statements, but are disclosed, and they are not disclosed unless the possibility of an outflow of resources involving economic benefits is remote. The contingent asset is not recognized in the financial statements. Rather, it is disclosed when it is probable that the internal economic benefits will flow.

5-PROPERTY AND EQUIPMENT, NET

	Lands SAR	Leasehold Improvements* SAR	Electrical tools and equipment SAR	Vehicles SAR	Furniture and fixtures SAR	Projects under construction** SAR	Total SAR
Cost							
Balance as at 1 January 2024	7,465,499	26,807,524	19,120,568	5,549,895	3,499,626	1,733,092	64,176,204
Additions during the year	**23,784,568**	**3,458,791**	**3,998,201**	**1,673,291**	**454,839**	**8,901,795**	**42,271,485**
Additions resulting from the acquisition process (Note 1)	-	-	**41,136**	-	**6,500**	-	**47,636**
Transferred from projects under construction	-	**5,070,291**	**3,733,900**	-	**176,300**	**(8,980,491)**	-
Disposals during the year	-	-	**(11,128)**	-	-	-	**(11,128)**
Balance as at 31 December 2024	**31,250,067**	**35,336,606**	**26,882,677**	**7,223,186**	**4,137,265**	**1,654,396**	**106,484,197**
Accumulated depreciation							
Balance as at 1 January 2024	-	**11,115,583**	**8,003,979**	**2,588,666**	**1,630,630**	-	**23,338,858**
Charged for the year	-	**5,533,495**	**4,362,062**	**1,042,781**	**674,388**	-	**11,612,726**
Disposals during the year	-	-	**(6,584)**	-	-	-	**(6,584)**
Balance as at 31 December 2024	-	**16,649,078**	**12,359,457**	**3,631,447**	**2,305,018**	-	**34,945,000**
Net book value							
As at 31 December 2024	**31,250,067**	**18,687,528**	**14,523,220**	**3,591,739**	**1,832,247**	**1,654,396**	**71,539,197**

-The property and equipment item includes fully depreciated assets that are still recorded in accounting records. The cost of these assets as of 31 December 2024 amounted to Saudi riyals 8,525,226 (31 December 2023: Saudi riyals 4,420,572).

* This represents improvements to leased buildings and branches under a lease with a term of five years, renewable upon mutual agreement of both parties (Note 6).

**Projects under construction represent the work of preparing and installing decorations and equipment for the central factory and the main residence, which are still under construction. The completion of the residence is expected in 2025.

5- PROPERTY AND EQUIPMENT, NET (CONTINUED)

-The depreciation charged for the year was classified as follows:

	2024 SAR	2023 SAR
Selling and marketing expenses (Note 22)	**6,955,254**	5,571,946
Cost of sales (Note 21)	**3,081,679**	2,606,855
General and administrative expenses (Note 23)	**1,575,793**	1,179,122
	11,612,726	9,357,923

5- PROPERTY AND EQUIPMENT, NET (CONTINUED)

	Lands SAR	Leasehold Improvements SAR	Electrical tools and equipment SAR	Vehicles SAR	Furniture and fixtures SAR	Projects under construction SAR	Total SAR
Cost							
Balance as at 1 January 2023	6,520,499	22,766,418	14,285,645	4,571,395	3,017,498	724,447	51,885,902
Additions during the year	945,000	668,805	1,398,402	1,011,700	93,224	9,247,871	13,365,002
Transferred from projects under construction	-	4,141,652	3,696,091	-	401,483	(8,239,226)	-
Disposals during the year	-	(769,351)	(259,570)	(33,200)	(12,579)	-	(1,074,700)
Balance as at 31 December 2023	7,465,499	26,807,524	19,120,568	5,549,895	3,499,626	1,733,092	64,176,204
Accumulated depreciation							
Balance as at 1 January 2023	-	7,128,169	4,935,060	1,777,590	1,018,198	-	14,859,017
Charged for the year	-	4,597,875	3,302,540	834,234	623,274	-	9,357,923
Disposals during the year	-	(610,461)	(233,621)	(23,158)	(10,842)	-	(878,082)
Balance as at 31 December 2023	-	11,115,583	8,003,979	2,588,666	1,630,630	-	23,338,858
Net book value							
As at 31 December 2023	7,465,499	15,691,941	11,116,589	2,961,229	1,868,996	1,733,092	40,837,346

6- LEASES

Right-of-use assets represent lease contracts for buildings and branches, depreciated on a straight-line basis over the lease term of five years.

The following table shows the movement during the year on both the right-of-use assets and leases liabilities:

A- Movement in right-of-use assets (Buildings):

	31 December 2024 SAR	31 December 2023 SAR
Cost		
Balance at the beginning of the year	**49,594,847**	50,073,599
Additions during the year	**26,526,056**	14,315,172
Remeasurement during the year*	**8,300,145**	-
Disposal during the year	**-**	(14,793,924)
Balance at the end of the year	**84,421,048**	49,594,847
Accumulated Depreciation		
Balance at the beginning of the year	**20,254,442**	16,977,800
Charged for the year**	**15,697,138**	12,088,949
Disposal during the year	**-**	(8,812,307)
Balance at the end of the year	**35,951,580**	20,254,442
Net book value	**48,469,468**	29,340,405

** Right of use assets depreciation is allocated as follows:

	2024 SAR	2023 SAR
Selling and marketing expenses (Note 22)	**13,373,834**	10,744,989
Cost of sales (Note 21)	**1,370,355**	1,158,654
General and administrative expenses (Note 23)	**952,949**	185,306
	15,697,138	12,088,949

B- Movement in lease liabilities:

	31 December 2024 SAR	31 December 2023 SAR
Balance at the beginning of the year	**26,921,252**	31,529,350
Additions during the year	**26,526,056**	14,315,172
Remeasurement during the year*	**8,300,145**	-
Disposal during the year	**-**	(6,019,443)
Amortization of finance cost during the year (Note 24)	**1,799,845**	1,038,967
Transferred from lease liabilities to accrued expenses (Note 18)	**(588,897)**	(106,014)
Paid during the year	**(18,401,415)**	(13,836,780)
Balance at the end of the year	**44,556,986**	26,921,252

Lease liabilities are allocated as follows:

	31 December 2024 SAR	31 December 2023 SAR
Non-current portion	**28,868,030**	14,174,579
Current portion	**15,688,956**	12,746,673

* The lease liabilities have been remeasured, and the corresponding adjustment to the right-of-use assets has been made due to changes in the duration and payments of the contracts for the year ended 31 December 2024.

7- INTANGIBLE ASSETS, NET

	31 December 2024 SAR	31 December 2023 SAR
Trademark, net (A)	**3,202,545**	-
Goodwill (B) (Note 1)	**374,683**	-
Program , net (C)	**28,139**	52,879
	3,605,367	52,879

7- INTANGIBLE ASSETS, NET (CONTINUED)

A-Trademark, net

On 24 November 2024, a purchase agreement was made between Messrs. Maqsood Restaurants Establishment and Nofoth Food Products Company for the acquisition of the trademark (Maqsood Restaurants), branches, and assets. The value of the trademark was 3,229,457 Saudi Riyals, and it will be amortized over 10 years. The movement on the trademark is as follows:

	31 December 2024 SAR	31 December 2023 SAR
Cost		
Additions during the year (Note 1)	**3,229,457**	-
Balance at the end of the year	**3,229,457**	-
Accumulated amortization		
Charge for the year (Note 22)	**26,912**	-
Balance at the end of the year	**26,912**	-
Net book value		
Balance at the end of the year	**3,202,545**	-

B-Goodwill

Goodwill arises from the difference between the consideration paid and the net assets acquired, including the trademark. The table below presents the allocation of the consideration paid:

	31 December 2024 SAR
Acquisition consideration (Note 1)	**3,700,000**
Net assets acquired (Note 1)	**(95,860)**
Trademark (A)	**(3,229,457)**
Goodwill	**374,683**

The company appointed Malaa Company for Economic Entities Valuation to conduct valuation of Maqsood Restaurant branches on 17 November 2024. Based on the valuation conducted by the same evaluator, the company completed the purchase price allocation process for financial statement purposes. The valuation includes trademarks and goodwill.

Valuer's name	**Valuation method**	**License number**	**Valuer's qualifications**
Yazeed Husam Al Hayaaf	Income and Market approach	2210000071	Licensed by the Saudi Authority for Accredited Valuers (Taqeem)

- The valuation methods used are classified as Level 3,2 for fair value.
- The following are the fair value measurement data according to IFRS 13, as outlined below:

Sales growth rate:

The Revenues for Maqsood Restaurants are expected to grow at a compound annual growth rate of 4 % during the 10-year forecast period (2024-2034), based on historical performance and management's expectations for market development.

Discount rate :

The discount rate, which is the Weighted Average Cost of Capital (WACC), is determined based on assumptions related to the risk-free rate, equity market risk premium, adjusted beta, and specified risk premiums, including idiosyncratic risk, country risk, and industry risk. The cost of equity, calculated using the Capital Asset Pricing Model (CAPM), is 19.6% and is recalculated to a pre-tax rate ('pre-tax discount rate').

7- INTANGIBLE ASSETS, NET (CONTINUED)

C-Programs, net

The intangible assets item consists of computer software, which is amortized over 5 years. The movement of the software is as follows:

	31 December 2024 SAR	31 December 2023 SAR
Cost		
Balance at the beginning of the year	**356,960**	356,960
Balance at the end of the year	**356,960**	356,960
Accumulated amortization		
Balance at the beginning of the year	**304,081**	266,327
Charge for the year	**24,740**	37,754
Balance at the end of the year	**328,821**	304,081
Net book value		
Balance at the end of the year	**28,139**	52,879

The amortization for the year has been classified as follows:

	2024 SAR	2023 SAR
Selling and marketing expenses (Note 22)	**18,854**	27,533
General and administrative expenses (Note 23)	**5,886**	10,221
	24,740	37,754

8- ADVANCE PAYMENTS FOR THE PURCHASE OF INTANGIBLE ASSETS

The advance payments for the purchase of intangible assets consist of advance payments for the implementation of a new program. The implementation process have not been completed to date. The balance as of 31 December 2024 amounted to SAR 180,194 (as of 31 December 2023: SAR 72,928).

9- INVENTORY, NET

	31 December 2024 SAR	31 December 2023 SAR
Food	**5,420,133**	4,676,547
Packing and wrapping material	**4,219,581**	4,151,047
Finished goods	**3,310,222**	2,576,203
Cleaning materials	**345,105**	359,224
Consumable items	**1,153,289**	958,066
Office supplies	**32,305**	52,079
	14,480,635	12,773,166
Less:		
Provision for slow-moving inventory	**(457,520)**	(1,070,255)
	14,023,115	11,702,911

The movement in the provision for slow-moving goods is as follows:

	31 December 2024 SAR	31 December 2023 SAR
Balance at the begining of the year	**1,070,255**	-
(Reversal)/ charged during the year (Note 23)	**(460,115)**	1,070,255
Written off during the year	**(152,620)**	-
Balance at the end of the year	**457,520**	1,070,255

10- ACCOUNTS RECEIVABLE, PREPAID EXPENSE AND OTHER RECEIVABLES, NET

	31 December 2024 SAR	31 December 2023 SAR
Accounts receivable	**10,128,342**	5,299,315
Accounts receivable – Related parties (Note 11)	**57,966**	-
(Less): Provision for expected credit losses	**(115,252)**	(38,533)
	10,071,056	5,260,782
Prepaid expenses	**4,073,952**	6,453,283
Advance payments to suppliers	**2,779,562**	1,725,488
Accrued income from Islamic Murabaha deposits (Note 12)	**1,713,668**	1,019,333
Employees receivables	**886,572**	827,791
Others	**284,007**	223,719
	19,808,817	15,510,396

The movement in the provision for expected credit losses is as follows:

	31 December 2024 SAR	31 December 2023 SAR
Balance at the beginning of the year	**38,533**	1,249,585
Charged during the year	**76,719**	39,159
Written off during the year	**-**	(1,250,211)
Balance at the end of the year	**115,252**	38,533

The following table shows the aging of receivables with the Company as at:

	31 December 2024 SAR	31 December 2023 SAR
From 1 day to 30 days	**9,395,093**	4,472,166
From 31 days to 60 days	**529,300**	411,269
From 61 days to 90 days	**121,939**	109,426
More than 90 days	**139,976**	306,454
Balance at the end of the year	**10,186,308**	5,299,315

The following is an analysis of the aging of trade receivables and the related allowance for expected credit losses as at 31 December:

	31 December 2024			31 December 2023		
	Total book value SAR	**Expected credit loss rate**	**Provision for expected credit losses SAR**	Total book value SAR	Expected credit loss rate	Provision for expected credit losses SAR
From 1 day to 30 days	**9,395,093**	**%0.12**	**11,627**	4,472,166	%0.02	748
From 31 days to 60 days	**529,300**	**%3**	**13,988**	411,269	%0.22	886
From 61 days to 90 days	**121,939**	**%40**	**48,210**	109,426	%0.49	535
More than 90 days	**139,976**	**%30**	**41,427**	306,454	%11.87	36,364
Total	**10,186,308**		**115,252**	5,299,315		38,533

11- TRANSACTION WITH RELATED PARTIES

The Company, through its normal activities, deals with related parties, and these transactions include the provision of other operational services.

a) The nature and volume of transactions with related parties are as follows:

Related parties	Nature of relationship	Nature of transactions	Transaction volume during the year ending 31 December 2024 SAR	2023 SAR
Musakhan Waraq Enab for Providing Meals	Affiliate	Sales (Note 20)	**597,099**	614,423
Hakaya Cakes Fast Food Establishment		Sales (Note 20)	**-**	14,704
	Affiliate	Operational	**-**	250,000
Abdullah Al-Ameqan Real Estate Company	Affiliate	Rental	**1,263,708**	957,348
Al-Ameqan Travel and Tourism Agency	Affiliate	Purchases	**367,291**	**-**

*An affiliate is a related party whose shareholders own a share in the capital of the company, or it is those related parties in whom the company has representation.

b- The amounts due from the related party are as follows:

	31 December 2024 SAR	31 December 2023 SAR
Musakhan Waraq Enab for Providing Meals (Note 10)	**57,966**	-
	57,966	-

c- Transactions with key executive management

Related parties consist of non-executive board members and senior management employees of the company. Senior management employees are those who exercise authority and responsibility in planning, managing, and overseeing the company's activities, either directly or indirectly, including managers.

The related party transactions for the year ended 31 December are as follows:

	2024 SAR	2023 SAR
Salaries, allowances, and bonuses of executive management	**14,424,042**	11,498,998
Allowances and bonuses of the Board of Directors	**1,008,000**	975,000
Allowances and bonuses for the committees	**393,071**	338,000
	15,825,113	12,811,998

12- ISLAMIC MURABAHA DEPOSITS

1- On 12 July 2023, the company invested in an Islamic Murabaha deposit with a local bank in the amount of SAR 30,000,000 for a period of 215 days, which ended on 12 February 2024, at the prevailing market rates. The return earned on this deposit for the year ended 31 December 2024, amounted to SAR 200,666.

2- On 18 October 2023, the company invested in an Islamic Murabaha deposit with a local bank in the amount of 15,000,000 Saudi Riyals for a period of 183 days, ending on 18 April 2024. The return rate was based on prevailing market rates, and the return earned on this deposit for the period ending 31 December 2024 amounted to 272,500 Saudi Riyals.

3- On 12 December 2023, the company invested in an Islamic Murabaha deposit with a local bank in the amount of 10,000,000 Saudi Riyals for a period of 152 days, ending on 12 May 2024. The return rate was based on prevailing market rates, and the return earned on this deposit for the year ending 31 December 2024 amounted to 221,666 Saudi Riyals.

4- On 8 February 2024 the company invested in an Islamic Murabaha deposit with a local bank in the amount of 10,000,000 Saudi Riyals for a period of 31 days, ending on 10 March 2024. The return rate was based on prevailing market rates, and the return earned on this deposit for the year ending 31 December 2024 amounted to 48,481 Saudi Riyals.

12- ISLAMIC MURABAHA DEPOSITS (CONTINUED)

5- On 12 February 2024, the company invested in an Islamic Murabaha deposit with a local bank in the amount of 30,000,000 Saudi Riyals for a period of 90 days, ending on 12 May 2024. The return rate was based on prevailing market rates, and the return earned on this deposit for the year ending 31 December 2024 amounted to 458,250 Saudi Riyals.

6-On 6 May 2024, the company invested in an Islamic Murabaha deposit with a local bank in the amount of 32,214,983 Saudi Riyals for a period of 92 days, ending on 6 August 2024. The return rate was based on prevailing market rates, and the return earned on this deposit for the year ending 31 December 2024 amounted to 505,489 Saudi Riyals.

7- On 14 May 2024, the company invested in an Islamic Murabaha deposit with a local bank in the amount of 40,714,291 Saudi Riyals for a period of 92 days, ending on 14 August 2024. The return rate was based on prevailing market rates, and the return earned on this deposit for the year ending 31 December 2024 amounted to 640,935 Saudi Riyals.

8-On 13 August 2024, the company invested in an Islamic Murabaha deposit with a local bank in the amount of 33,000,000 Saudi Riyals for a period of 153 days, ending on 13 January 2025. The return rate was based on prevailing market rates, and the accrued return on this deposit for the year ending 31 December 2024 amounted to 763,583 Saudi Riyals.

9- On 14 August 2024, the company invested in an Islamic Murabaha deposit with a local bank in the amount of 41,355,554 Saudi Riyals for a period of 153 days, ending on 14 January 2025. The return rate was based on prevailing market rates, and the accrued return on this deposit for the year ending 31 December 2024 amounted to 950,085 Saudi Riyals.

The Company achieved accrued revenue in the amount of 1,713,668 Saudi Riyals for the periods of 140 and 139 days of investment (2023: 1,019,333 Saudi Riyals) (Note 10). The return for the year ending 31 December 2024 amounted to 4,061,655 Saudi Riyals (31 December 2023: 1,651,000 Saudi Riyals) (Note 25).

The following is a summary for islamic murabaha deposits for the year :

Deposit period					
From	**To**	**Number of days**	**Number of days accrued**	**31 December 2024 SAR**	**Accrued revenues as of 31 December 2024 SAR**
13 August 2024	13 January 2025	**153**	**140**	**33,000,000**	**763,583**
14 August 2024	14 January 2025	**153**	**139**	**41,355,554**	**950,085**
				74,355,554	**1,713,668**

The following is the movement on islamic murabaha deposits:

	31 December 2024 SAR	31 December 2023 SAR
Balance at the beginning of the year	**55,000,000**	-
Deposit during the year	**187,284,828**	95,000,000
Matured during the year	**(167,929,274)**	(40,000,000)
Balance at the end of the year	**74,355,554**	55,000,000

13- CASH AND CASH EQUIVALENT

	31 December 2024 SAR	31 December 2023 SAR
Cash at banks	**3,471,365**	9,715,967
Cash in hand	**303,682**	634,455
	3,775,047	10,350,422

14- TREASURY SHARES

On 25 Jumada al-Thani 1445H (corresponding to 7 January 2024), the Extraordinary General Assembly approved the Board of Directors' recommendation from its meeting held on 14 Rabi' al-Thani 1445H (corresponding to 29 October 2023) to purchase up to 2,400,000 of the company's shares. These shares will be held as treasury shares and allocated under the employee stock program.

Following the assembly's approval, the company purchased 366,564 shares for a total amount of 6,920,027 Saudi Riyals. These shares will be retained for a maximum period of five years from the date of the Extraordinary General Assembly's approval or until they are allocated to eligible employees.

As of the date of financial statements, the company has not announced the allocation. Treasury shareholders are not entitled to receive dividends distributed to shareholders and do not have voting rights in the company's general assembly meetings.The movement in treasury shares is as follows:

	31 December 2024 **SAR**	31 December 2023 SAR
Additions during the year	**6,920,027**	-
Balance as at the end of the year	**6,920,027**	-

15- STATUTORY RESERVES

On 1 Dhul-Hijjah 1444H (corresponding to June 19, 2023), the Extraordinary General Assembly of Shareholders approved the Board of Directors' recommendation to transfer the balance of the statutory reserve to retained earnings (Note 1).

16- EMPLOYEES' BENEFIT OBLIGATIONS

The Company determines the current value of the employee benefit obligations by making an actuarial valuation using the projected credit unit method, after taking into account the following set of assumptions:

	31 December 2024	31 December 2023
Discount rate	**4.93%**	5.06%
Rate of benefits increase	**3%**	2.8%

The movement in employees benefit liabilities as at 31 December is as follows:

	31 December 2024 **SAR**	31 December 2023 SAR
Employees' benefits obligations balance at the beginning of the year	**4,153,397**	3,276,597
<u>Charged to the statement of profit or loss</u>		
Current service cost	**1,648,558**	1,235,489
Interest cost (Note 24)	**197,979**	130,133
<u>Charged to other comprehensive income</u>		
Actuarial re-measurement of employees' benefit obligations	**179,961**	(95,387)
<u>Paid during the year</u>	**(399,899)**	(393,435)
Employees' benefits obligations balance at the end of the year	**5,779,996**	4,153,397

16- EMPLOYEES' BENEFIT OBLIGATIONS (CONTINUED)

Sensitivity analysis for the defined benefit obligations

		31 December 2024	31 December 2023
		SAR	SAR
	Basis		
Salary change rate	1% increase	**6,162,554**	4,429,473
	1% decrease	**5,385,855**	3,777,595
	Basis		
Discount rate	1% increase	**5,385,922**	3,777,641
	1% decrease	**6,162,691**	4,429,571
Assuming a statistical study of employees membership data			
Average age of employees (in years)		**30.81**	30.46
Average years of previous experience		**2.01**	1.96

The above sensitivity analysis was determined according to a method whereby the impact on employees' end-of-service benefits is expected as a result of reasonable changes in the basic assumptions that were determined at the end of the period for preparing the financial statements. The sensitivity analysis is based on a change in important assumptions, with all other assumptions remaining constant. The sensitivity analysis may not be indicative of an actual change in employee benefit obligations, as it is unlikely that changes in the assumptions will occur independently of each other.

Exposure to risks: Company is exposed to a number of risks, the most important of which are shown below:

Inflation risk: Majority of end-of-service benefits awards are linked to inflation and increased inflation will lead to an increase in liabilities.

Risk of change in bond yield: Any decrease in corporate bond yields would increase the plan's liabilities.

17- DEFERRED REVENUE

This item represents the value of deferred revenues against for granting the trade names "Mamola" and "Enaba", as the Company's management concludes contracts to grant the trade name for a period of approximately (5) years, and the balance was classified in the statement of financial position as follows:

	31 December 2024	31 December 2023
	SAR	SAR
Deferred revenue – non-current portion	**681,041**	1,465,084
Deferred revenue – current portion	**285,000**	480,000
Balance at the end of the year	**966,041**	1,945,084

The movement of deferred revenue is as follows:

	31 December 2024	31 December 2023
	SAR	SAR
Balance at the beginning of the year	**1,945,084**	1,356,333
Addition during the year	**225,000**	1,000,000
Amortization during the year	**(1,204,043)**	(411,249)
Balance at the end of the year	**966,041**	1,945,084

18- TRADE PAYABLES, ACCRUED EXPENSES AND OTHER PAYABLES

	31 December 2024 SAR	31 December 2023 SAR
Accounts payables	**23,186,972**	9,569,143
Payable to executive and non-executive directors	**9,893,086**	5,317,175
Accrued vacations and tickets allowance	**4,488,101**	3,564,976
Accrued salaries, wages and employee benefits	**1,004,251**	885,197
Value added tax	**1,600,287**	803,662
Accrued expenses*	**1,196,755**	1,146,312
Others	**313,007**	356,853
	41,682,459	21,643,318

*The accrued expenses item includes an amount of SAR 588,897, representing lease contract obligations due for the year ending 31 December 2024 (2023: SAR 106,014) (Note 6).

19- ZAKAT PROVISION

A) The principal elements of the zakat base for the Company are the following:

	31 December 2024 SAR	31 December 2023 SAR
Equity and provisions at the beginning of the year and other adjustments	**178,100,344**	93,575,675
Long term assets	**(123,794,226)**	(70,303,558)
Adjusted net income	**51,632,100**	46,918,638

B) The following is the movement in Zakat provision:

	31 December 2024 SAR	31 December 2023 SAR
Balance at the beginning of the year	**1,821,004**	936,080
Charged during the year	**1,403,675**	1,772,847
Paid during the year	**(1,772,831)**	(887,923)
Balance at the end of the year	**1,451,848**	1,821,004

C) Zakat status:

- The Company has submitted Zakat returns for the previous years up to the year ending 31 December 2023 and obtained the Zakat certificate for the year 2023. The Zakat, Tax and Customs Authority (ZATCA) has made a Zakat assessment for the year 2023. The Company submitted its responses on some items supported by explanatory documents. As a result, the authority has issued an amended preliminary assessment of SAR 63,053. The assessment is still under study by ZATCA and no final assessment has been issued until the date of issue of financial statements.

20- SEGMENT INFORMATION

Segment information relates to the activities and operations of the company that the management has relied upon as the basis for preparing its financial information, in accordance with the internal reporting methods. Transactions between segments are conducted under the same terms as those applied to third parties.

The assets, liabilities, and operational activities of the segments include items directly related to a specific segment, as well as items that can be allocated to different segments on reasonable basis. Items that cannot be allocated between segments are classified under shared assets and liabilities. The company's segments consist of a single segment, which is the manufacturing and sale of bakery products and the related food services.

	2024 SAR	2023 SAR
Revenues from sales of food products	**361,781,664**	305,864,067
Revenues from franchise rights	**3,278,022**	2,325,918
	365,059,686	308,189,985

20- SEGMENT INFORMATION (CONTINUED)

The company's revenues from the sale of food products are recognized at a specific point in time, while the revenues from granting franchise rights are recognized over a period of time. The company's revenues are fully realized within the Kingdom of Saudi Arabia.

Revenue from related party and third parties is as follows;

	2024 **SAR**	2023 SAR
Third parties	**364,462,587**	307,560,858
Related party (Note 11)	**597,099**	629,127
	365,059,686	308,189,985

21- COST OF SALES

	2024 **SAR**	2023 SAR
Material consumed	**109,319,064**	95,810,159
Salaries, wages and other benefits	**16,020,147**	17,652,306
Consumables	**3,277,411**	708,995
Depreciation of property and equipment (Note 5)	**3,081,679**	2,606,855
Maintenance and repair	**1,980,278**	2,660,323
Electricity, water and phone charges	**1,875,957**	1,519,384
Depreciation of right of use assets (Note 6)	**1,370,355**	1,158,654
Short-term rentals	**782,460**	1,247,421
Others	**1,043,856**	1,854,649
	138,751,207	125,218,746

22- SELLING AND MARKETING EXPENSES

	2024 **SAR**	2023 SAR
Commissions of sales application	**58,430,880**	42,184,197
Salaries, wages and other benefits	**26,231,721**	24,005,420
Depreciation of right of use assets (Note 6)	**13,373,834**	10,744,989
Depreciation of property and equipment (Note 5)	**6,955,254**	5,571,946
Marketing and advertising	**5,455,933**	5,415,181
Electricity, water and phone charges	**4,787,146**	3,904,298
Consumables	**2,577,949**	617,417
Government fees	**2,924,051**	3,582,590
Repair and maintenance	**2,346,449**	2,937,489
Bank charges	**1,292,787**	1,129,395
Short-term rentals	**1,228,964**	1,603,313
Hospitality	**1,181,446**	145,502
Amortization of intangible assets (Note 7A, C)	**45,766**	27,533
Others	**1,665,210**	1,792,118
	128,497,390	103,661,388

23- GENERAL AND ADMINISTRATIVE EXPENSES

	2024 SAR	2023 SAR
Salaries, wages and other benefits	**34,626,137**	26,763,618
Travel expenses	**2,495,392**	836,157
Depreciation of property and equipment (Note 5)	**1,575,793**	1,179,122
Governmental expenses	**1,303,954**	1,181,292
Repair and maintenance	**1,284,740**	464,880
Electricity , water and phones	**969,027**	660,758
Depreciation of right of use assets (Note 6)	**952,949**	185,306
Short-term rentals	**883,432**	803,859
Hospitality	**649,254**	203,697
Professional and consulting fees	**539,477**	968,990
Medical insurance	**373,318**	296,877
Consumables	**350,030**	65,495
Stationery and printing	**151,566**	121,862
Bank charges	**138,917**	180,446
Amortization of intangible assets (Note 7 C)	**5,886**	10,221
(Reversal)/ provision for slow-moving inventory (Note 9)	**(460,115)**	1,070,255
Others	**1,881,867**	1,588,723
	47,721,624	36,581,558

24- FINANCE COSTS

	2024 SAR	2023 SAR
Interest on lease liabilities (Note 6)	**1,799,845**	1,038,967
Interest on employees' benefits obligations (Note 16)	**197,979**	130,133
	1,997,824	1,169,100

25- OTHER INCOME, NET

	2024 SAR	2023 SAR
Investment Murabaha deposit income (Note 12)	**4,061,655**	1,651,000
Government expense reimbursement	**792,959**	1,274,846
Losses on disposal of property and equipment	**(417)**	(180,618)
Gain on disposal of right of use assets	**-**	37,826
Others	**170,741**	140,514
	5,024,938	2,923,568

26- EARNINGS PER SHARE

Earnings per share from net income is calculated by dividing the net income for the year by the weighted average number of shares outstanding as at the end of the year 31 December 2024.

The Extraordinary General Assembly approved on 25 Jumada al-Thani 1445H (corresponding to 7 January 2024) the recommendation of the Board of Directors dated 19 Safar 1445H (corresponding to 4 September 2023) to increase the Company's capital by 24,000,000 Saudi Riyals through transferring it from retained earnings, bringing the Company's capital to 48,000,000 Saudi Riyals, divided into 48,000,000 equal-value shares, with a nominal value of 1 Saudi Riyal per share. The weighted average number of outstanding shares during the presented years was adjusted retrospectively, and the treasury shares purchase has also considered.

26-EARNINGS PER SHARE (CONTINUED)

The following table shows the movement of earnings per share as follows:

	2024 SAR	2023 SAR
Net profit attributable to the ordinary shareholders of the company	**51,636,185**	42,670,755
Weighted average number of ordinary shares	**47,779,812**	48,000,000
Basic and diluted earnings per share	**1.08**	0.89

27- RISK MANAGEMENT AND FAIR VALUE

Liquidity risks

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments that the Company commits to in the interest of others.

To reduce the liquidity risk and associated losses that may affect the business of the Company. The Company maintains, wherever possible, sufficient highly liquid current assets in all business conditions. The Company also has a highly dynamic cash flow policy and a system by which it can estimate the maturity dates of its liabilities and develop appropriate plans to provide the required funding to meet these liabilities in a timely manner.

A-The following is the maturity of liabilities as at 31 December 2024:

	Book value SAR	**3 months or less SAR**	**From 3 months to 1 year SAR**	**More than 1 year up to 10 years SAR**	**No specific maturity dates SAR**	**Total Contractual Cash flows SAR**
Liabilities						
Lease liabilities	**44,556,986**	**5,339,722**	**13,187,252**	**30,957,019**	**-**	**49,483,993**
Employees' benefits obligations	**5,779,996**	**-**	**-**	**-**	**5,779,996**	**5,779,996**
Trade payables, accrued expenses and other payables	**41,682,459**	**37,194,358**	**4,488,101**	**-**	**-**	**41,682,459**
Zakat provision	**1,451,848**	**1,451,848**	**-**	**-**	**-**	**1,451,848**
	93,471,289	**43,985,928**	**17,675,353**	**30,957,019**	**5,779,996**	**98,398,296**

B-The following is the maturities of liabilities as at 31 December 2023:

	Book value SAR	3 months or less SAR	From 3 months to 1 year SAR	More than 1 year up to 10 years SAR	No specific maturity dates SAR	Total Contractual Cash flows SAR
Lease liabilities	26,921,252	2,482,950	10,108,041	14,628,628	-	27,219,619
Employees' benefits obligations	4,153,397	-	-	-	4,153,397	4,153,397
Trade payables, accrued expenses and other payables	21,643,318	18,078,342	3,564,976	-	-	21,643,318
Zakat provision	1,821,004	1,821,004	-	-	-	1,821,004
Total	54,538,971	22,382,296	13,673,017	14,628,628	4,153,397	54,837,338

Credit risks

Credit risk arises when one party fails to fulfill its contractual obligations under financial instruments, leading to financial losses for the company. The company is exposed to credit risk on the balances of Islamic Murabaha investment deposits, cash held with banks, and receivables. The company deals with local banks that have high creditworthiness. The items that may be subject to credit risk are as follows:

	31 December 2024 SAR	31 December 2023 SAR
Murabaha investment deposits	**74,355,554**	55,000,000
Accounts receivable	**10,186,308**	5,299,315
Cash at banks	**3,471,365**	9,715,967
	88,013,227	70,015,282

27- RISK MANAGEMENT AND FAIR VALUE (CONTINUED)

Currency risks

Currency risks arise from possible changes and fluctuations in currency rates that affect future profits or the fair values of financial instruments. The company monitors currency rate fluctuations and believes that the impact of currency rate risks is not material.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value definition includes the assumption that the Company will continue its operations where there is no intention or condition to physically limit the volume of its operations or conduct a transaction with negative terms.

Fair values are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:

Level 1: Quoted market prices in active markets for identical assets.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Market price risk

Market risk is the risk that arises from changes in the fair value of future cash flows of financial instruments due to changes in market prices. Market rates have 3 types: Interest rate risk. Currency risk and other price risks such as shares price risk and commodity price risk, and includes financial liabilities affected by market price risk on loans, accounts receivable, and payables.

Interest rate risk

Interest rate risk is the risk that arises from changes in the fair value of future cash flows of financial instruments because of a change in the interest rate of the market. The Company's financial assets and liabilities as of the balance sheet date, except for long-term loans, are not exposed to interest rate risk. Long-term loans carry interest in addition to credit margin based on prevailing market interest rates.

28- NON-CASH TRANSACTIONS

	2024	2023
	SAR	SAR
Addition to right-of-use assets and corresponding lease liabilities	**26,526,056**	14,315,172
Transferred from retained earnings to increase the share capital	**24,000,000**	-
Transferred from projects under construction to property and equipment	**8,980,491**	8,239,226
Re-measurement of right-of-use assets against lease liabilities	**8,300,145**	-
Transferred from lease liabilities to accrued expenses	**588,897**	106,014
Inventory provision written off	**152,620**	-
Bad debts written off	**-**	1,250,211

29- DIVIDENDS

On 18 Dhu al-Hijjah 1445H (corresponding to 24 June 2024), the General Assembly approved the Board of Directors' recommendation to distribute cash dividends for the year 2023 at a rate of 20 halalas per share, representing 20% of the nominal value of the share. The total dividend distribution amounts to 9,600,000 Saudi Riyals (December 31, 2023: 4,800,000 Saudi Riyals).

30- GENERAL

The figures in these financial statements are rounded to the nearest Saudi Riyals.

31- SUBSEQUENT EVENTS

On 4 Ramadan 1446 AH (corresponding to 4 March 2025 AD), the Board of Directors decided to recommend to the Extraordinary General Assembly an increase in the Company's capital through the issuance of bonus shares to the Company's shareholders. This will be achieved by capitalizing SAR 48,000,000 from retained earnings, granting one bonus share for each share owned.

On 4 Ramadan 1446 AH (corresponding to 4 March 2025 AD), the Board of Directors decided to recommend to the General Assembly to vote on distributing cash dividends to shareholders for the year 2024, at the rate of 25 halalas for each share, representing 25% of the par value of the share, with a total of SAR 11,908,359.

In the opinion of management, except for what was stated above, there were no events subsequent to the reporting date and occurring before the date of approval of these financial statements that are expected to have significant impact on these financial statements.

32- APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issue by the Board of Directors of the Company On 4 Ramadan 1446 AH (corresponding to 4 March 2025 AD).