Development Works Food Company
(A Saudi Joint Stock Company)
Riyadh – Kingdom of Saudi Arabia

Consolidated financial statements
and
Independent auditor's report
For the year ended December 31, 2023

Development Works Food Company
(A Saudi Joint Stock Company)

Consolidated financial statements and independent auditor's report
For the year ended December 31, 2023

RSM Allied Accountants Professional Services Co.

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شركة ار اس ام المحاسبون المتحدون للإستشارات المهنية

الريـاض – حي العليا - طريق العروبة
مبنى رقم ٣١٩٣ ، الطابق الأول
ص. ب ٨٣٣٥ ، الرياض - ١٢٣٣٣
هـاتف: ٩٣٦١ ٤١٦ ١١ ٩٦٦+
فاكس: ٩٣٤٩ ٤١٦ ١١ ٩٦٦+
المملكة العربية السعودية
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س.ت ٤٠٣٠٢٢٨٧٧٣

Independent auditor's report

To the Shareholders of
Development Works Food Company
(A Saudi Joint Stock Company)

Qualified Opinion

We have audited the consolidated financial statements of **Development Works Food Company (a Saudi Joint-Stock Company)** ("the Company"), and its subsidiaries (referred together as a "Group"), including the consolidated statement of financial position as at December 31, 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, except for the effect of the matters described in "basis for qualified opinion" the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia, and the additional standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants that supplement the International Financial Reporting Standards.

Basis for qualified opinion

As shown in the consolidated financial statements and note (9), the balance of right of use assets and lease liabilities as of December 31, 2023 amounted to SR 28.8 million and SR 26.8 million respectively (2022: SR 19.7 million and SR 16.7 million respectively). The management of the Group has recorded additions and disposals to lease contracts under the right of use assets and lease liabilities during the year. We were not able to reach a level of confidence regarding the computation method and accounting treatment of these transactions and their impact on the current year and whether they should have been accounted for in prior years in the consolidated financial statements. Additionally, we were unable to determine the impact of these transactions on the depreciation of leasehold improvements within property, plant, and equipment and the reasonableness of the depreciation rates used by the group and their compatibility with the lease terms (note 6). Also, the other income balance included in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2023, comprised rental income from sublease contracts recognized by the Group amounting to SR 3.2 million (2022: SR 3.8 million) (note 26). The Group did not assess whether the sublease contracts represent operating or finance leases in accordance with International Financial Reporting Standard 16 (Leases). Therefore, we were unable to verify the recognition of the other income and the corresponding accounts receivable amounting to SR 3.9 million as at December 31, 2023 (2022: SR 0.8 million), nor were we able to determine if there were any necessary adjustments for the current year or prior years and their impact on the consolidated financial statements.

We conducted our audit in accordance with the International Standards on Auditing endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the "auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants endorsed in the Kingdom of Saudi Arabia, relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities in accordance with the Code. In our opinion, the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independent auditor’s report (continued)

To the Shareholders of
Development Works Food Company
(A Saudi Joint Stock Company)

Other information in the Group's Annual Report for the year 2023
Other information in the Group's Annual Report for the year 2023 includes information other than the consolidated financial statements and the auditor's report. Management is responsible for the other information in the Annual Report. The Group's Annual Report for the year 2023 is expected to be available to us after the date of this auditor's report.

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

Regarding our audit of the consolidated financial statements, our responsibility is to read the other information stated above, and consider whether, in doing so, the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or if the other information appears to be materially misstated in any other way. If we conclude that there is a material misstatement in this other information, based on the work we have performed, we are required to report that fact. As stated in the "basis for qualified opinion" section above, we have not obtained sufficient appropriate audit evidence regarding the right to use assets, lease liabilities, depreciation of leasehold improvements, sublease revenues & corresponding accounts receivable. Therefore, we are unable to conclude whether the other information is materially misstated in this regard or not.

Key Audit Matters
The key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and when forming our opinion therein. We do not provide a separate opinion on this matter. In addition to the matters outlined in the "basis for qualified opinion" section, we have identified the following matter to be the key audit matter, which is disclosed in our report:

Independent auditor's report (continued)

To the Shareholders of
Development Works Food Company
(A Saudi Joint Stock Company)

Key Audit Matters (continued)

Key audit matter	How the matter was addressed in our audit
Revenue recognition: The Group's net revenue amounted to SR 89.4 million for the year ended December 31, 2023 (2022: SR 98.7 million). The Group recognizes its sales revenue at a specific point in time in accordance with the requirements of International Financial Reporting Standard 15 "Revenue from Contracts with Customers" without any significant judgments or estimates. We considered revenue to be a key matter for review as it is a significant item in the consolidated financial statements and serves as one of the key indicators that give rise to inherent risks related to revenue recognition. Please refer to note (4) for the accounting policy and note (22) for related disclosures concerning the consolidated financial statements.	**We have performed the following procedures regarding revenue recognition among other procedures:** • We evaluated the appropriateness of the Group's revenue recognition policy and its compliance with relevant International Financial Reporting Standards. • We assessed the integration of the IT control environment and tested the operational effectiveness of key IT controls. • We audited, on a sample basis, the daily and monthly sales reconciliations prepared by management at the branch level and their alignment with sales records. • We audited, on a sample basis, the daily cash deposits from each point of sale through bank statements and compared them with sales recorded in the accounting records. • We audited, on a sample basis, the signed contracts with corporate customers and invoices issued to verify their occurrence and the Group's right to recognize revenue for them. • We audited a sample of sales discounts and verified their recording in accordance with the Group's policies and procedures. • Testing sales transactions, on a sample basis, and performing cut-off tests of revenue made around the year end to assess whether the revenue has been recognized in the correct period. • We conducted substantive analytical review procedures to understand revenue trends throughout the year. • We evaluated the adequacy of related disclosures in the consolidated financial statements.

Independent auditor's report (continued)

To the Shareholders of
Development Works Food Company
(A Saudi Joint Stock Company)

Other Matter
The Group's consolidated financial statements for the year ended December 31, 2022, were audited by another auditor, who issued an unmodified opinion on those consolidated financial statements on Ramadan 8, 1444AH (corresponding to March 30, 2023).

Responsibilities of management and those charged with governance for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia, as well as the standards and other pronouncements complementing the endorsed International Standards by the Saudi Organization for Chartered and Professional Accountants, and the Company's by-law. They are also responsible for the internal control necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, the Board of Directors, is responsible for overseeing the financial reporting process in the Group.

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

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

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, and design and implement audit procedures that respond to those risks, obtaining sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting material misstatement due to fraud is higher than the risk resulting from error because fraud may involve collusion, forgery, intentional omissions, misleading representations, or override of internal controls.

- Obtain an understanding of relevant internal control over financial reporting for the purpose of designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

Independent auditor’s report (continued)

To the Shareholders of
Development Works Food Company
(A Saudi Joint Stock Company)

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

- Evaluate the appropriateness of the 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 whether there is a material uncertainty related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that there is a material uncertainty, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for directing the Group's audit process and overseeing and executing it. We remain solely responsible for the audit opinion.

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

We also inform those charged with governance that we have complied with relevant ethical requirements related to independence, and we communicate with them all relationships and other matters that we reasonably believe may affect our independence, and we also inform them of any actions taken to eliminate threats or applied safeguards.

Among the matters we communicate with those charged with governance are those matters that were of most significance in the audit of the current year consolidated financial statements, and these matters are the key audit matters. We explain these matters in our report unless law or regulation prohibits public disclosure, or unless, in extremely rare circumstances, we believe that the negative consequences of reporting outweigh the public interest benefits of such reporting.

RSM Allied Accountants Professional Services

C.R. 4030228773

Mohammed Bin Farhan Bin Nader
License 435
Riyadh, Kingdom of Saudi Arabia
Shawwal 26, 1445 AH (corresponding to May 5, 2024)

Development Works Food Company
(A Saudi Joint Stock Company)

Consolidated statement of financial position
As at December 31, 2023
(All amounts are in Saudi Arabian Riyals)

	Note	2023	2022
Assets			
Non-current assets			
Property and equipment	6	**28,844,824**	31,474,141
Intangible assets	7	**152,917**	214,575
Capital works under construction	8	**1,416,492**	1,330,436
Right of use assets	9	**28,810,770**	19,756,402
Investment in associate	10	-	-
Total non-current assets		**59,225,003**	52,775,554
Current assets			
Inventory	11	**5,229,585**	5,693,193
Prepaid expenses and other assets	12	**7,028,122**	10,628,632
Due from related party	13	-	-
Accounts receivable	14	**6,797,502**	5,869,945
Cash on hand and banks balances	15	**2,720,230**	2,726,125
Total current assets		**21,775,439**	24,917,895
Total assets		**81,000,442**	77,693,449
Equity and liabilities			
Equity			
Share capital	1	**30,000,000**	30,000,000
Statutory reserve	16	**723,931**	723,931
Actuarial reserve		**(382,353)**	(423,141)
Accumulated losses		**(5,386,349)**	(1,023,365)
Net equity attributable to shareholders of the parent		**24,955,229**	29,277,425
Non-controlling interests	33	**226,929**	345,650
Total equity		**25,182,158**	29,623,075
Liabilities			
Non-current liabilities			
Lease liabilities – non-current portion	9	**14,812,802**	5,829,706
Long-term loans and bonds – non-current portion	17	**3,311,382**	7,397,857
Defined employees' benefit plan liability	18	**2,498,024**	2,076,836
Total non-current liabilities		**20,622,208**	15,304,399
Current liabilities			
Lease liabilities – current portion	9	**12,044,905**	10,944,424
Long-term loans and bonds – current portion	17	**8,586,475**	11,138,669
Accounts payable	19	**8,560,654**	5,135,822
Accrued expenses and other liabilities	20	**5,751,560**	5,264,756
Zakat provision	21	**252,482**	282,304
Total current liabilities		**35,196,076**	32,765,975
Total liabilities		**55,818,284**	48,070,374
Total equity and liabilities		**81,000,442**	77,693,449

The accompanying notes from (1) to (37) form an integral part of these consolidated financial statements

Finance Manager	Chief Executive Officer	Chairman
Salah Shahin	Hisham Abdulrahman Almogren	Anas Saleh AlAmoud

Development Works Food Company
(A Saudi Joint Stock Company)

Statement of consolidated profit or loss and other comprehensive income
For the year ended December 31, 2023
(All amounts are in Saudi Arabian Riyals)

	Note	2023	2022
Consolidated profit or loss			
Sales	22	**89,449,631**	98,650,440
Cost of sales	23	**(86,090,083)**	(94,261,416)
Gross profit		**3,359,548**	4,389,024
General and administrative expenses	24	**(9,963,912)**	(10,994,977)
Net loss from main operations		**(6,604,364)**	(6,605,953)
Financing costs	25	**(1,982,967)**	(1,359,087)
Other income	26	**4,568,878**	5,198,983
Net loss for the year before zakat		**(4,018,453)**	(2,766,057)
Zakat	21	**(310,834)**	(301,835)
Net loss for the year		**(4,329,287)**	(3,067,892)
Allocated to:			
Parent company		**(4,362,984)**	(3,223,093)
Non-controlling interests		**33,697**	155,201
		(4,329,287)	(3,067,892)
Consolidated other comprehensive income / (loss)			
Re-measurement of defined employees' benefit plan liability	18	**39,653**	(67,688)
Total other comprehensive income / (losses)		**39,653**	(67,688)
Allocated to:			
Parent company		**40,788**	(63,137)
Non-controlling interests	33	**(1,135)**	(4,551)
		39,653	(67,688)
Total other comprehensive loss		**(4,289,634)**	(3,135,580)
Allocated to:			
Parent company		**(4,322,196)**	(3,286,863)
Non-controlling interests		**32,562**	151,283
		(4,289,634)	(3,135,580)
Loss per share			
Basic and diluted loss per share from net loss	27	**(1.45)**	(1,07)

The accompanying notes from (1) to (37) form an integral part of these consolidated financial statements

Finance Manager	Chief Executive Officer	Chairman
Salah Shahin	Hisham Abdulrahman Almogren	Anas Saleh AlAmoud

Development Works Food Company
(A Saudi Joint Stock Company)

Consolidated Statement of changes in equity
For the year ended December 31, 2023
(All amounts are in Saudi Arabian Riyals)

	Note	Share capital	Statutory reserve	Actuarial reserve	Retained earnings / (Accumulated losses)	Net equity attributable to shareholders of the parent Company	Non-controlling interests	Total equity
Balance as at January 1, 2022		30,000,000	723,931	(360,004)	2,199,728	32,563,655	502,298	33,065,953
Net (loss) / profit for the year		-	-	-	(3,223,093)	(3,223,093)	155,201	(3,067,892)
Other comprehensive loss		-	-	(63,137)	-	(63,137)	(4,551)	(67,688)
Dividends		-	-	-	-	-	(307,298)	(307,298)
Balance as at December 31, 2022		30,000,000	723,931	(423,141)	(1,023,365)	29,277,425	345,650	29,623,075
Net (loss) / profit for the year		-	-	-	**(4,362,984)**	**(4,362,984)**	**33,697**	**(4,329,287)**
Other comprehensive income (loss)		-	-	**40,788**	-	**40,788**	**(1,135)**	**39,653**
Dividends	28	-	-	-	-	-	**(151,283)**	**(151,283)**
Balance as at December 31, 2023		**30,000,000**	**723,931**	**(382,353)**	**(5,386,349)**	**24,955,229**	**226,929**	**25,182,158**

The accompanying notes from (1) to (37) form an integral part of these consolidated financial statements

Finance Manager
Salah Shahin

Chief Executive Officer
Hisham Abdulrahman Almogren

Chairman
Anas Saleh AlAmoud

Development Works Food Company
(A Saudi Joint Stock Company)
Consolidated statement of cash flows

For the year ended December 31, 2023
(All amounts are in Saudi Arabian Riyals)

	Note	2023	2022
Cash flows from operating activities			
Net loss for the year before zakat		**(4,018,453)**	(2,766,057)
Adjustments to non-cash items			
Depreciation of property and equipment	6	**6,264,652**	9,775,664
Losses (gains) from the sale of property, plant, and equipment	26	**113,944**	(106,400)
Amortization of intangible assets	7	**77,376**	91,700
Depreciation of right of use assets	9	**13,255,223**	13,415,918
Gains on disposal of leases	26	**(5,722)**	-
Provision for impairment of the investment in the associate	10	-	176,578
Provision for impairment in advance payments to suppliers	12	-	847,434
Provision for expected credit losses for due from the related party	13	-	150,269
Provision for expected credit losses for accounts receivables	14	**687,780**	526,693
Defined employees' benefit plan liability charged	18	**727,329**	717,212
Financing costs	25	**1,982,967**	1,359,087
Cash flows after adjusting for non-cash items		**19,085,096**	24,188,098
Changes in operating assets and liabilities			
Inventory		**463,608**	1,331,325
Prepaid expenses and other assets		**3,617,616**	(765,581)
Accounts receivable		**(1,615,337)**	(369,048)
Due to a related party		-	65,740
Accounts payable		**3,424,832**	8,378
Accrued expenses and other liabilities		**(428,470)**	(831,958)
Results from operations		**24,547,345**	23,626,954
Defined employees' benefit plan liability paid	18	**(348,892)**	(483,053)
Zakat provision paid	21	**(357,762)**	(323,121)
Net cash provided by operating activities		**23,840,691**	22,820,780
Cash flows from investment activities			
Additions to property, plant and equipment	6	**(1,958,626)**	(3,135,660)
Proceeds from the sale of property, plant, and equipment		**309,081**	903,461
Additions to intangible assets	7	**(15,718)**	(8,040)
Additions to capital works under construction	8	**(2,185,790)**	(2,029,636)
Net cash used in investment activities		**(3,851,053)**	(4,269,875)
Cash flows from financing activities			
Proceeds from loans and bonds	17	**15,491,639**	5,338,251
Repayments loans and bonds	17	**(22,130,308)**	(15,443,067)
Payment of leases liabilities	9	**(13,205,581)**	(12,455,356)
Payment of dividends	28	**(151,283)**	(307,298)
Net cash used in financing activities		**(19,995,533)**	(22,867,470)
Net change in cash on hand and banks balances		**(5,895)**	(4,316,565)
Cash on hand and banks balances, beginning of the year		**2,726,125**	7,042,690
Cash on hand and banks balances, ending of the year		**2,720,230**	2,726,125
Non-cash transactions			
Transfer from capital works under construction to PP&E	8	**2,099,734**	2,871,096
Additions to leases contracts	9	**24,755,272**	8,290,915
Zakat Settlement	21	**17,106**	-
Remeasurement of defined employees' benefit plan liability	18	**(39,653)**	67,688
Dividends	28	**352,995**	717,028

The accompanying notes from (1) to (37) form an integral part of these consolidated financial statements

Finance Manager	Chief Executive Officer	Chairman
Salah Shahin	Hisham Abdulrahman Almogren	Anas Saleh AlAmoud

1 - Organization and Activities

A- Development Works Food Company ("the Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010290779 issued in Riyadh on 28 June 2010.

B- The Company's capital is SR 30,000,000 (2022: SR 30,000,000) with 3,000,000 shares of SR 10 each, all of which are cash ordinary shares.

C- The main activity of the Company is in restaurants with service, fast food activities, including (pizza shops), coffee shops, ice cream shops (ice cream), serving fresh juices and cold drinks.

D- The head office of the Parent Company is located in Riyadh, PO box 55800, P.C 11544, KSA.

E- These consolidated financial statements include the financial statements of the parent company and its subsidiary engaged in business activities, as outlined below:

				Ownership	
Subsidiary Name	**Country of Incorporation**	**Commercial Registration Number**	**Date of Commercial Registration**	**2023**	2022
Feddan Fruit Company for Vegetables and Fruits	Saudi Arabia	1010454082	July 17, 2018	**70%**	70%
Development Works Contracting Company **	Saudi Arabia	1010947344	March 12, 2018	**100%**	100%
Suqur Al Jazeera Contracting Company **	Saudi Arabia	1010764194	December 10, 2021	**60%**	60%

The main activity of the Feddan Fruit Company for Vegetables and Fruits is the wholesale sale of fruits, the wholesale sale of vegetables, the wholesale sale of dates, the retail sale of fresh and preserved fruits and vegetables, and the retail sale of dates.

The main activity of the Development Works Contracting Company is general construction of residential buildings, general construction of non-residential buildings such as hospitals and hotels, construction of prefabricated buildings on sites, and renovations of residential and non-residential buildings.

The main activity of Suqur Al Jazeera Contracting Company is cleaning new buildings after construction, specialized cleaning of buildings including chimneys, windows, etc., cleaning and maintenance of swimming pools, disinfection and fumigation activities to exterminate insects and rodents, care and maintenance of parks and gardens for public housing purposes, care and maintenance of highway parks, service activities. Integrated administrative office, organizing and managing exhibitions and conferences, operating exhibition and conference centers and facilities.

** Development Works Contracting Company and Suqur Al-Jazeera Contracting Company did not engage in any commercial activities from the date of their establishment until the date of preparing these consolidated financial statements. On March 5, 2023, the partners in Suqur Al-Jazeera Contracting Company agreed to its liquidation. The legal procedures related to this matter have not been completed to date.

2 - Basis of preparing consolidated financial statements

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards endorsed in Kingdom of Saudi Arabia and other standards and pronouncements supplementary to the International Standards endorsed by the Saudi Organization for Chartered and Professional Accountants.

2 - Basis of preparing financial statements

Statement of Compliance (continued)

The new Companies Law issued by Royal Decree No. M/132 dated 1 Dhu al-Hijjah 1443H (corresponding to June 30, 2022) (referred to hereinafter as "the Law") came into effect on 26 Jumada al-Thani 1444H (corresponding to January 19, 2023). Regarding some provisions of the Law, full compliance is expected within a period not exceeding two years from 26 Jumada al-Thani 1444H (corresponding to January 19, 2023). The management is assessing the impact of the new Companies Law and will amend its Company by-law to align with any changes in accordance with the Law's provisions. Consequently, the Company must submit the amended Company By-law to the shareholders at the annual general assembly meeting for approval.

Basis of measurement

The consolidated financial statements have been prepared according to historical cost principle, going concern basis and the accrual basis of accounting. Other basis will be used if International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements supplementary to the International Standards endorsed by the Saudi Organization for Chartered and Professional Accountants require that, as stated in the summary of significant accounting polices (note 4).

Accounting records

The Group maintains regular accounting records on the computer and in a language other than Arabic.

Functional and presentation currency

These consolidated financial statements are presented in Saudi Arabian Riyals which is the functional currency of the Group and are rounded to nearest Saudi riyal.

3 - Basis of consolidation

The consolidated financial statements include the Works Food Development Company and its subsidiaries (“the Group”) as detailed in Note No. 1. Control is achieved when the group has:

- The ability to control the investee entity,
- The Group’s right to variable returns arises as a result of its association with the investee,
- The ability to use its control to affect investment returns.

The Group reassesses whether or not it controls any investee, and whether facts and circumstances indicate that there have been changes to one or more of the elements of control referred to above.

When the Group's voting rights in any investee are less than a majority of the voting rights therein, the Group has control over that investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee individually. The Group considers all relevant facts and circumstances when assessing whether the Group has voting rights in an investee to give it control. These facts and circumstances include:

- The size of the voting rights owned by the holding company in relation to the size and extent of ownership of other voting rights holders.
- Potential voting rights held by the Group, other voting rights holders and third parties.
- Rights arising from other contractual arrangements, and
- Any additional facts and circumstances that may indicate that the Group has, or does not have, the current ability to direct relevant activities when decisions need to be made, including how to vote at previous shareholders' meetings.

<u>Changes in the Group’s equity in existing subsidiaries</u>

Changes in the Group's ownership in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's ownership and non-controlling interests are adjusted to reflect changes in their ownership in subsidiaries. Any difference between the value of the adjustment of non-controlling interest and the fair value of the consideration paid or received is recognized directly in equity and is attributable to the shareholders of the Group.

3 - Consolidation basis (continued)

When the Group loses control of a subsidiary, any gain or loss is recognized in the consolidated statement of profit or loss and other comprehensive income and is calculated as the difference between (1) The total fair value of the consideration received/receivable and (2) The carrying amount of the assets (including Goodwill), the liabilities of the subsidiary and any non-controlling interests.

The Group has applied the following accounting policies consistently to all periods presented in these consolidated financial statements unless otherwise stated. In addition, the Group has approved the disclosure of accounting policies (amendments to IAS 1 and IFRS Practice Statement 2) effective January 1, 2023. The amendments require disclosure of “significant” rather than “material” accounting policies. Although the amendments did not result in any changes to the accounting policy itself, they did affect the accounting policy information disclosed in some cases.

4 - Material Accounting policy information

A- New standards and amendments to standards and interpretations

The Group adopted the following new standards and amendments for the first time, effective January 1, 2023:

- **Amendments to IAS 8**
  The amendments are intended to improve accounting policy disclosures and help users of consolidated financial statements distinguish between changes in accounting estimates and changes in accounting policies.

- **Amendment to IAS 12 – Deferred tax relating to assets and liabilities arising from a single transaction**
  These amendments require companies to recognize deferred tax on transactions that, upon initial recognition, result in equal amounts of taxable and deductible temporary differences.

B- Issued standards that have not yet been applied

A number of new declarations are effective for annual periods beginning on or after January 1, 2024, with early application permitted. However, the Company did not implement early application of the new or amended standards in preparing these financial statements.

- **Amendments to IFRS 16 - Lease liabilities in Sale and Leaseback Transactions:**
  These amendments include requirements for sale and leaseback transactions in IFRS 16 to clarify how the Group accounts for sale and leaseback transactions after the date of the transaction. Sale and leaseback transactions in which some or all of the lease payments are variable lease payments depend on the index or price that is most likely to be affected.

- **Amendments to IAS 1 - Non-current liabilities with commitments and classification of liabilities as current or non-current**
  These amendments clarify how compliance with the conditions with which the Group must comply during the twelve months after the reporting period affects the classification of liabilities. These amendments also aim to improve the information provided by the Group about liabilities subject to these conditions.

- **Amendments to IAS 7 and IFRS 7 – Supplier Financing Arrangements**

- **Amendments to IAS 27 – Non-convertibility**

4 - Material Accounting policy information (continued)

B- Issued standards that have not yet been applied

The following are the new International Financial Reporting Standards for Sustainability Disclosure effective for annual periods beginning on or after January 1, 2024, which are subject to the approval of the Saudi Organization for Chartered and professional Accountants.

- **IFRS (Sustainability 1) "General requirements for disclosure of financial information related to sustainability"**
  This standard includes the basic framework for disclosing material information about sustainability-related risks and opportunities across an organization's value chain.

- **IFRS (Sustainability 2) "Climate-related disclosures"**
  This is the first objective standard issued that sets requirements for entities to disclose information about climate-related risks and opportunities.

  The Group is evaluating the impacts of the above standards, amendments and interpretations on the Group's consolidated financial statements.

C- Other material accounting policies

Current versus non-current classification

The Group presents its assets and liabilities in the statement of consolidated financial position based on a current / non-current basis. The assets are considered as a current when its:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for purpose of trading.
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalents, unless restricted from paying exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

All liabilities are considered as a current, when its:

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

All other liabilities are classified as non-current.

Property, plant, and equipment
Property, plant, and equipment are stated at cost less any accumulated depreciation and any impairment losses. The cost includes expenses directly attributable to the acquisition of property, plant, and equipment. When parts of a property, plant, and equipment item have useful life, they are computed as a main component of property, plant, and equipment. Repair and maintenance expenses are considered as periodic expenses, while improvement expenses are considered capital expenditures. The depreciation is calculated on the basis of its estimated useful life using the straight-line method. The sold or disposed asset and its accumulated depreciation are removed from the accounting records at the date of sale or disposal.

4 - Material Accounting policy information (continued)

C- Other material accounting policies (continued)

Property, plant, and equipment (continued)

Annual review of salvage values and useful lives
An asset's salvage value is the current estimated amount that the Group would receive when disposing of the asset after deducting the estimated costs of disposal if the asset had already reached the expected age and condition at the end of its useful life. The salvage values and useful lives of assets are reviewed and adjusted, where necessary, at the end of each financial reporting year. If forecasts differ from previous estimates, the change is accounted for as a change in accounting estimates.

The estimated useful life for the main items of these property, plant, and equipment is as follows:

Description	Depreciation rate
Leasehold improvement	10% or the lease period, whichever is higher
Furniture and fixtures	10%
Machinery and equipment	15% – 25%
Vehicles	12.5% – 20%
Computers	20% – 25%

If there is an indication of a significant change in the depreciation rate, useful life or residual value of property, plant and equipment, the impairment of such property, plant and equipment is adjusted prospectively to reflect the new expectations. Upon sale, the difference between the net sale proceeds and the carrying value of the item sold is recognized in the consolidated statement of profit or loss and other comprehensive income, and included in other income or other operating expenses.

Impairment of assets
At each reporting date, the carrying amount of assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of a potential impairment, the recoverable amount of an affected asset (or related group of assets) is estimated and compared to it carrying amount. If the estimated recoverable amount is less, the carrying amount is reduced to its estimated recoverable amount, and the impairment loss is recognized directly in the consolidated statement of profit or loss & other comprehensive income.

When estimating the present value, the estimated future cash flows are discounted to the present value using a post-zakat discount rate that reflects current market estimates of the time value of money and the risks inherent in the assets. Impairment losses for continuing operations, including impairment of working capital, if applicable, are recognized in the consolidated statement of profit or loss and other comprehensive income within expenses in line with the function of the impaired assets.

Regarding assets other than goodwill, at the date of preparing each consolidated financial statement, an evaluation is performed to ensure that there is evidence that previously recognized impairment losses no longer exist or have decreased. If such evidence exists, the Group estimates the recoverable amount of the asset or cash-generating unit. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used in determining the recoverable amount since the date the impairment loss was last recognized. This reversal is recognized in the consolidated statement of profit or loss and other comprehensive income.

In case that the non-financial assets impairment loss is reversed except for goodwill, the carrying amount of the assets (or a group of related assets) is increased to the adjusted estimate of the recoverable amount, but not more than the amount that would have been determined had no impairment loss been recorded for the assets (or a group of related assets) in prior years, a reversal of an impairment loss is recognized immediately in the statement of profit or loss and other comprehensive income.

4 - Material Accounting policy information (continued)

C- Other material accounting policies (continued)

Intangible assets
Intangible assets acquired separately are recognized at cost. After initial recognition, intangible assets are stated at cost less any accumulated amortization and any accumulated impairment losses, if any. Internally generated intangible assets, excluding development costs, are not capitalized, and expenses are recognized in the consolidated statement of profit or loss and other comprehensive income when incurred. The amortization period and method for intangible assets with finite useful lives are reviewed at the end of each financial year. Changes in the expected useful life or the expected method of amortizing future economic benefits embodied in intangible assets are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization expense for intangible assets with finite useful lives is recognized in the consolidated statement of profit or loss and other comprehensive income as part of the expense category that is consistent with the function of the intangible asset. Intangible assets with finite useful lives (computer software) are amortized using the straight-line method over the estimated useful life at a rate of 25% annually.

Capital works under construction
Capital works under construction is stated at cost according to the initial measurement. Cost includes all directly attributable expenditure necessary to bring the asset to the working condition for which it is acquired and for the purpose for which it was acquired. Capital work under construction is transferred to property, plant and equipment when it is completed and available for the purpose for which it was acquired.

Right of use assets and leases liabilities
The Group has recognized assets and liabilities for its leases (sales branch leases). Each lease payment is distributed between liabilities and finance cost. The financing cost is charged to the consolidated statement of profit or loss and other comprehensive income over the lease term so that a fixed periodic interest rate is achieved on the remaining balance of the liability for each year. The right of use the asset is depreciated over the lease term, on a straight-line basis.

The assets and liabilities arising from the lease are initially measured on a present value basis.

Right of use assets, is initially recognized:
- The initial measurement amount of the lease liability that is the present value of future lease payments;
- Any lease payments made on or before the starting date of the lease contract minus any lease incentives received;
- Any initial direct costs incurred by the Group as a lessee;
- An estimate of the costs that the Group will incur as a lessee to dismantle and remove the assets and return the site where the asset is located to the original state.

The right-of-use asset is subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any re-measurement of the lease liability.

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

The lease liabilities are recognized initially at the present value of the unpaid lease payments at the inception date of the lease, using the Group's incremental borrowing rate.

The lease liabilities are subsequently measured as follows:
- Increasing the carrying amount to reflect the interest on the lease liability;
- Reducing the carrying amount to reflect rental payments;
- Re-measure the carrying amount to reflect any revaluation or amendments to the lease agreement.

The Group separates the amounts paid into the original portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

4 - Material Accounting policy information (continued)

C- Other material accounting policies (continued)

Right of use assets and leases liabilities (continued)

In accordance with International Financial Reporting Standard No. (16), “right-to-use assets” are tested for impairment in accordance with International Accounting Standard No. 36 “Impairment of Assets”.

Lease term
The Group defines the lease term as the irrevocable period in the lease agreement along with:
- The periods covered by the option to extend the lease contract if the Group is reasonably certain that it will exercise that option;
- The periods covered by the option to terminate the lease agreement if the Group is reasonably certain that it will not exercise this option.

With regard to short-term leases (lease term of 12 months or less) and low-value contracts, the Group recognized the rental expense on a straight-line basis as permitted in IFRS 16, which is the same method that was accounted for in accordance with the Accounting Standard International No. (17) "Lease Contracts".

Investment in the associate
An associate Company is one over which the Group exercises significant influence. Significant influence is the power to participate in the financial decisions and operating policies of the investee but does not reach to control, or joint control, over those policies. The Group's investment in the associate is calculated using the equity method. Included in the consolidated statement of profit or loss and other comprehensive income is the share of the results of operations of associate companies. The financial statements of the associate Company are prepared as of 31 December of each year, and adjustments are made for the effects of any significant transactions or events that occur between the ends of the accounting period. Adjustments are made when necessary to ensure that the accounting policies of associate companies are consistent with the group's accounting policies.

<u>Impairment of the investment in the associate</u>
After recognizing the investment, the Group determines whether it is necessary to recognize an impairment loss on its investment in the associate. As at the financial reporting date, the Group determines whether there is objective evidence of impairment in the value of the investment. If such evidence exists, the Group estimates the impairment value of the associate's recoverable amount compares it to the carrying amount of the investment, and then recognizes the impairment loss on the investment of the associate in the consolidated statement of profit or loss and other comprehensive income.

Inventory
Inventories are stated at the lower of cost or net realizable value. Costs represent the expenses incurred in bringing the product to the existing location in its present condition and are determined on a weighted average basis. Net realizable value is based on the estimated selling price in the ordinary course of business less any additional costs expected to be incurred on completion or sale. A provision is made for obsolete and slow-moving items and is charged to the consolidated statement of profit or loss as part of general and administrative expenses.

Related Parties
A related party is a person or entity related to the group. A person is considered related if he has control or significant influence over the group or is a member of senior management. An entity is considered related if the entity is a member of the same group as a parent company, subsidiary, an associate company or associated with a joint venture, or both entities are a joint venture of a third party.

4 - Material Accounting policy information (continued)

C- Other material accounting policies (continued)

Related Parties (continued)
A related party transaction is a transfer of resources, services or obligations between the Group and a related party regardless of whether a price has been charged. The key management personnel are the persons authorized and responsible for planning and management and have direct or indirect control over the main business of the group, including the manager.

Accounts receivables
Accounts receivable are stated at the original invoice amount, less expected credit losses. Expected credit losses is established when there is objective evidence that the Group is unable to collect the amounts due according to the original terms of the receivables. When identified, bad debts are written off against the related provisions, and the provisions are charged to the consolidated statement of profit or loss and other comprehensive income, and any subsequent recoveries of amounts of receivables that were previously written off are added to other income.

Cash on hand and at banks
Cash includes cash on hand and bank current account balances that are not subject to a significant risk of changes in value.

Loans
Loans are initially recorded at fair value (represented by the proceeds received) less transaction costs incurred, if any. After initial recognition, these long-term loans are recognized at amortized cost using the effective interest rate method. Any differences between the proceeds (net of transaction costs) and the recoverable amount are recognized as a gain or loss over the life of the loan using the effective interest rate method.

Loans are classified as current liabilities as long as the Group does not have a right to delay settlement of the liability for a period of at least 12 months after the reporting date.

Borrowing cost
Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset under the terms of borrowing cost capitalization are capitalized as part of the cost of that asset. Qualifying assets are those that necessarily require a significant period of time to become ready for use. Other borrowing costs are recognized as an expense in the consolidated statement of profit or loss and other comprehensive income in the period in which it is incurred.

Employee Benefits
- Defined employee benefit plan liability
  Defined employee benefit plan liability are determined using the projected unit cost method with an actuarial evaluation performed at the end of each annual fiscal year, and remeasurements that include actuarial gains and losses are included in the consolidated statement of financial position with a credit or deduction in the consolidated statement of other comprehensive income for the period in which they were incurred. Therein, the recognized re-measurement is included in the consolidated statement of other comprehensive income immediately and is not reinstated in the consolidated statement of profit or loss.
- Retirement benefits
  The Group pays retirement contributions for its Saudi Arabian employees to the General Organization for Social Insurance. This represents a defined contribution plan. The payments made are expensed as incurred.
- Short-term employees' benefits
  A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

4 - Material Accounting policy information (continued)

C- Other material accounting policies (continued)

Provisions
Provisions must be recognized when the Group has a present obligation (legal or implicit) as a result of a past event, and it is probable that it will require an outflow of resources with economic benefits to settle this obligation, and that an estimate of the amount of the obligation can be made in a reliable manner. When a recovery is expected (by a third party) for some or all of the expenditure required to settle a provision (through an insurance contract for example), the recovered amount is recognized only when it is certain that the recovered amount will be received if the entity settles the obligation, and this recovered amount is recognized as a separate asset. The expense relating to the provision is presented in the consolidated statement of profit or loss and other comprehensive income, net of the amount recovered.

Contingent liabilities
Contingent liabilities arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not entirely within the control of the Group, or all present liabilities arising from past events but not confirmed for the following reasons:

- There is no possibility that an outflow of resources embodied in the economic benefits will be required to settle the obligation, or
- It is not possible to measure the amount of the obligation with sufficient reliability; They must all be evaluated at the date of each consolidated statement of financial position and disclosed in the Group's consolidated financial statements as potential liabilities.

Accounts payables and accruals
Liabilities are recognized against amounts to be paid in the future for the goods or services received, whether or not they are provided with invoices by suppliers.

Zakat provision
- Zakat provision is recognized at the end of each financial year in accordance with the regulations of the Zakat, Tax and Customs Authority of the Kingdom of Saudi Arabia ("the Authority").
- Zakat provision is calculated for the parent company and subsidiaries and filed separately. Zakat provision is charged at the end of each fiscal year within the statement of profit or loss for each company separately.
- Zakat liabilities, if any, relating to Zakat for previous years are recognized by the Authority in the period in which the final Zakat is issued.

Withholding tax
The Group withholds tax on transactions with non-resident parties in Saudi Arabia and on dividends paid to non-resident shareholders in accordance with the regulations of the Zakat, Tax and Customs Authority in Saudi Arabia.

Value added tax
Expenses and assets are recognized net of value added tax, with the exception of:

- When the VAT incurred on the purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognized as part of the cost of acquiring the asset or as part of the expense item, as the case may be.
- When listing debit and credit accounts with the amount of VAT. The net amount of VAT recoverable from or payable to the tax authority is included as part of the debit or credit accounts in the consolidated statement of financial position.

4 - Material Accounting policy information (continued)

C- Other material accounting policies (continued)

Dividends payable to shareholders
Dividend distributions to the Company's shareholders are recorded as a liability when these dividends are approved. In accordance with the Companies Law in the Kingdom of Saudi Arabia, distributions are approved upon approval by the shareholders or authorization from the shareholders to the Board of Directors to distribute interim dividends to the company's shareholders on a semi-annual or quarterly basis pursuant to a decision of the Ordinary General Assembly and renewed annually, in proportion to the company's financial position. and its cash flows, and the corresponding amount is deducted directly from equity.

Revenue from contracts with customers
The Group generates its revenues mainly from sales of vegetables, fruits, foods and beverages directly to customers.

Revenue represents the fair value of the consideration received or receivable for products sold, net of returns, trade discounts and rebates.

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

1 - Defining the contract with the customer: The contract is defined as an agreement between two or more parties that creates enforceable rights or obligations and specifies the standards that must be met.
2 - Specifying performance obligations in the contract: A performance obligation is a promise with a customer to transfer a good or provide a service.
3 - Determining the transaction price: The deal price is the amount of consideration that the group expects to achieve in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties.
4 - Allocating the transaction price to the performance obligations in the contract: For a contract that contains more than one performance obligation, the group allocates the transaction price to each performance obligation in an amount that determines the amount of consideration given by the group. It determines the amount of consideration that the group expects to receive in exchange for fulfilling each. commitment.
5 - Revenue is recognized when (or as soon as) the Group satisfies the performance obligation.

Recognizing revenues from sales of vegetables, fruits, foods and beverages
Revenue from contracts with customers consists of revenue from sales of vegetables, fruits, food and beverages. Revenues are derived from the local market. Revenue is recognized when control of the products sold is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. Revenue is recognized at the point in time at which control of the asset is transferred to the customer, generally upon delivery of the products. For sales of vegetables, fruits, food and beverages, the period between receiving payment from customers and transferring control of the goods to customers is usually not large. The group is an principal party.

Sales discounts
Goods are often sold through mobile applications and various stores. Sales discounts represent various discounts and promotions offered to the final consumer on the sale of goods. Revenues from these sales are recognized based on the price specified in the invoice after deducting any discounts. The consideration received from the customer is net of the discount provided to the customer.

Volume discounts in sales
Volume discounts in sales are primarily shown as a discount from total sales.

Other revenue
Other income is recognized when earned.

4 - Material Accounting policy information (continued)

C- Other material accounting policies (continued)

Cost of sales
All expenses are recorded on an accrual basis, and operational costs are recorded on the historical cost basis. Costs related to sales are classified as cost of sales, and this includes raw materials, direct labor and other related indirect costs. Other remaining costs are recorded as general and administrative expenses.

General and administration expense
General and administrative expenses consist of direct and indirect costs not related to cost of sales. On a consistent basis, expenses are distributed general and administrative expenses and cost of sales - whenever necessary. These expenses mainly include employee costs, other employee benefits, bonuses, allowances, maintenance fees, rental expenses, insurance, professional fees and others.

loss per share
Basic loss per share are calculated by dividing the net loss for the year by the weighted average number of shares outstanding at the end of the year.

Segment information

Operating segment
An operating segment is a component of the Group that carries out activities from which it may generate revenues and incur expenses, including revenues and expenses related to transactions with any of the Group's other segments. All segment results are evaluated periodically by the operating decision maker to make decisions and evaluate the performance of the resources allocated to each segment and the available financial information separately.

Segment results that are reported to the operating decision maker include those directly attributable to the segment as well as those that can be allocated on an appropriate basis. Head office expenses, research and development costs, related assets/liabilities, and zakat assets and liabilities.

There are no operating sectors in the Group, as all revenues from the Group's activities are generated through one operating sector, which is the sale of food and beverages, and therefore there are no operational sectors to be disclosed.

Geographical sector
A geographical sector is a group of assets, operations or facilities that engage in profitable activities in a particular economic environment that are subject to risks and returns different from those operating in other economic environments.

There are no geographical sectors in the group, as all revenues from the group's activities are made within the Kingdom of Saudi Arabia, and therefore there are no geographical sectors to be disclosed.

Offsetting
Offsetting occurs between financial assets and liabilities and is recorded as net amount in the consolidated statement of financial position when there is a legally binding right to apply the offsetting process between these amounts, and the Group intends to settle on the basis of the net of these amounts or to recognize the assets and settle the liabilities simultaneously.

Foreign currency transactions
Transactions in foreign currencies are carried out into Saudi Riyals at the exchange rates prevailing at the time of the transaction. Monetary assets and liabilities in foreign currencies as at the date of the consolidated statement of financial position are converted into Saudi riyals at the rates prevailing at the end of the year. Gains and losses arising from repayments or foreign currency exchange are included in the consolidated statement of profit or loss and other comprehensive income.

5 - Use of assumptions, estimates and judgments

The preparation of the consolidated financial statements in accordance with the International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements supplementary to the International Standards endorsed by the Saudi Organization for Chartered and Professional Accountants requires the management to use assumptions and estimates that affect the recorded amounts of revenues, costs, assets, liabilities and disclosures about contingent liabilities at the date of the financial period. However, uncertainty about these assumptions and estimates may result in results that may require a material adjustment to the carrying amount of the assets and liabilities affected in the future.

Estimates and related assumptions are reviewed on an ongoing basis, and revisions to estimates are recognized prospectively.

A- Uncertain Assumptions and estimates

Going Concern

The Group's management made an assessment for its ability to continue as a going concern and concluded that it has the resources to continue its activity in the foreseeable future. As at December 31, 2023, the Group's current liabilities exceeded current assets by SR 13,420,637 (2022: SR 7,848,080). The Group's management has prepared the expected cash flows for the coming year as it has sufficient funds to settle its obligations when they fall due. In addition, the management is not aware of any material uncertainty that may cast doubt on the ability of the Group to continue according to the going concern basis. Accordingly, the consolidated financial statements have been prepared on the going concern basis.

Useful life or residual value or depreciation or amortization method of property, plant, and equipment and intangible assets

The Group's management estimates the estimated useful life of property, plant, and equipment and intangible assets. This estimate is determined after consider the expected use of the asset or damage and the natural obsolescence. Management reviews the useful life or residual value or depreciation or amortization method of property, machines, and equipment annually, whereby future depreciation or amortization is modified when management believes that the useful life, residual value or depreciation or amortization method is different from that used in previous periods.

During the year, the Parent Company changed the depreciation rates for some categories of property, plants and equipment, as follows:

Category	Depreciation rate Before adjustment	Depreciation rate After adjustment
Leasehold improvements	6 – 8 Years or the lease term whichever is lower	10 Years or the lease term whichever is lower
Machines and equipment (Fridges)	6 – 8 Years	10 Years
Furniture and fixture	6 – 8 Years	10 Years

Impairment of non-financial assets

The Group's management periodically reviews the book value of non-financial assets to determine whether there is any indication that such assets may be subject to any impairment loss. If there is any indicator, the recoverable amount of assets is estimated to determine the extent of impairment loss. When it is not possible to estimate the recoverable amount of assets individually, the Group estimates the recoverable amount of the cash generating unit to which the assets belong. If the amount of recoverable assets is estimated to be below its book value, the book value of the asset is decrease to its recoverable value, and the impairment loss is recognized in the consolidated statement of profit or loss.

5 - Use of assumptions, estimates and judgments (continued)

A- Uncertain Assumptions and estimates (continued)

Discounting of lease payments
The Group cannot easily determine the interest rate implicit in the lease and, therefore, it uses an incremental borrowing rate to measure its lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow the necessary financing over a similar term and with the same collateral to obtain an asset of the same value as a “right-of-use” asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Group “has to pay” which requires estimation when observable rates are not available or need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available, which requires making some of its estimates.

Extension and termination options of lease contracts
Extension and termination options are included in several leases. These terms are used to increase operational flexibility in terms of contract management. Most of the extension and termination options held are exercisable by both the Group and the lessor.

When determining the term of a lease, management considers all facts and circumstances that create an economic incentive to exercise the extension option, or not exercise the termination option. Extension options (or periods following termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The appraisal is reviewed if a significant event or significant change in circumstances occurs that affects this appraisal and is within the tenant's control.

Contingencies
By their nature, contingent commitments will only be settled upon the occurrence or non-occurrence of a future event or events. Evaluating such potential engagements intrinsically involves exercising significant judgment and estimates of future events.

Impairment in dues form related parties
Amounts due from related parties are stated at amortized cost and reduced by appropriate provisions for estimated non-recoverable amounts.

Impairment in inventory
inventory is stated at the lower of cost or net realizable value. When inventory is old or obsolete, the net realizable value is estimated. This estimate is made for each material amount on a reasonable basis. Amounts that are not considered material for each item of inventory, but are old or obsolete, are assessed collectively and an provision is applied to them according to the type of inventory and the degree of obsolescence based on historical selling prices.

Receivables’ expected credit losses (ECL)
For Expected Credit losses (ECLs) on receivables measured at amortized cost, the Group applies the simplified approach, which requires ECLs to be recorded on a lifetime basis from the date of initial recognition of the receivables. To measure expected credit losses, receivables are grouped based on common credit risk characteristics, number of days past due, and customer type. Expected loss rates have been derived from the Group's historical information and have been adjusted to reflect the expected future outcome, which also includes forward-looking information on macroeconomic factors such as inflation and GDP growth rate.

5 - Use of assumptions, estimates and judgments (continued)

A- Uncertain Assumptions and estimates (continued)

Employee benefits

The costs of employees' end-of-service plans and the present value of the end-of-service benefit liabilities are determined using actuarial valuations. Actuarial valuations include assumptions that may differ from actual developments in the future. It includes determining the discount rate, future salary increases, mortality rate and future increases in pensions. Given the complexities involved in the valuation and its long-term nature, the defined benefit liability is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date on the consolidated financial statements.

Zakat

In calculating zakat for the current year, the Group adjusted its net profit and applied a certain discount to its zakat to calculate zakat expenses. The Group has made the best estimates of these assumptions.

B- Judgments

Determine control, significant influence and consolidation

Subsidiaries are the investee companies controlled by the Group. Management is considered to control an investee when the Group is exposed to risks or has rights to most of the variable returns resulting from its involvement with the investee companies, and also when it has the ability to use its power over the investee companies to affect those returns through its ability to direct the activities Related to the investee company. The determination of the Group's control depends on the method of making decisions related to the relevant activities and the group's rights in investee companies. It requires judgment. The Group has concluded that it controls the subsidiaries (Note 1).

6 - Property, plant, and equipment

A- This item consists of the following:

2023	Note	Leasehold improvements	Furniture and fixtures	Machinery and equipment	Vehicles	Computers	Total
Cost							
Balance, beginning of the year		**38,900,280**	**12,829,166**	**13,511,549**	**4,841,043**	**1,471,950**	**71,553,988**
Additions during the year		**1,332,579**	**436,997**	**64,810**	**76,500**	**47,740**	**1,958,626**
Transferred from capital work under construction	8	**1,803,971**	**14,412**	**281,351**	**-**	**-**	**2,099,734**
Disposal during the year		**(395,838)**	**(421,882)**	**(331,040)**	**(352,575)**	**(800)**	**(1,502,135)**
Balance, ending of the year		**41,640,992**	**12,858,693**	**13,526,670**	**4,564,968**	**1,518,890**	**74,110,213**
Accumulated depreciation							
Balance, beginning of the year		**22,437,114**	**6,678,520**	**7,307,667**	**2,655,544**	**1,001,002**	**40,079,847**
Charge for the year		**2,443,203**	**1,547,246**	**1,496,609**	**567,831**	**209,763**	**6,264,652**
Disposal		**(294,647)**	**(302,862)**	**(247,342)**	**(233,471)**	**(788)**	**(1,079,110)**
Balance, ending of the year		**24,585,670**	**7,922,904**	**8,556,934**	**2,989,904**	**1,209,977**	**45,265,389**
Net book value		**17,055,322**	**4,935,789**	**4,969,736**	**1,575,064**	**308,913**	**28,844,824**
2022							
Cost							
Balance, beginning of the year		37,501,515	12,078,319	11,930,971	5,088,478	1,390,411	67,989,694
Additions during the year		406,709	2,122,709	479,693	40,627	85,922	3,135,660
Transferred from capital work under construction	8	1,102,308	38,736	1,727,758	-	2,294	2,871,096
Disposal during the year		(110,252)	(1,410,598)	(626,873)	(288,062)	(6,677)	(2,442,462)
Balance, ending of the year		38,900,280	12,829,166	13,511,549	4,841,043	1,471,950	71,553,988
Accumulated depreciation							
Balance, beginning of the year		16,927,904	5,927,324	6,123,418	2,216,359	754,579	31,949,584
Charge for the year		5,533,569	1,786,573	1,618,021	586,915	250,586	9,775,664
Disposal		(24,359)	(1,035,377)	(433,772)	(147,730)	(4,163)	(1,645,401)
Balance, ending of the year		22,437,114	6,678,520	7,307,667	2,655,544	1,001,002	40,079,847
Net book value		16,463,166	6,150,646	6,203,882	2,185,499	470,948	31,474,141

6 - Property, plant, and equipment (continued)

B- The cost of fully depreciated property, machinery and equipment still in use amounted to SR 5,905,887 as of December 31, 2023 (2022: SR 3,043,373).

C- The leasehold improvements, amounting to SR 41,640,992 as of December 31, 2023. (2022: SR 38,900,280) were made on branches & warehouses rented under lease contracts for renewable periods (Note 9).

D- Depreciation expense on property, plant and equipment is allocated as follows:

	Notes	**2023**	2022
Cost of sales	23	**5,425,622**	8,769,262
General and administration expenses	24	**839,030**	1,006,402
		6,264,652	9,775,664

E- The vehicles include leased cars with a cost of SR 554,871 as of December 31, 2023 (2022: SR 554,871). The leases liabilities related to these cars amounted to SR 49,563 as of December 31, 2023 (2022: SR 435,655) and were included in the leases liabilities (note 9).

F- During the year, the group contracted with an external expert (Kasab Management Consulting Company) to evaluate the useful lives of some categories of property, plant and equipment. This led to an increase in the useful lives of the categories mentioned below and a reduction in the depreciation expense related to those categories for the year ending on December 31, 2023, by an amount of SAR 3,366,182 as follows:

Assets	**Depreciation expense before adjustment**	**Adjustment impact**	**Depreciation expense after adjustment**
Leasehold improvements	**5,346,042**	**(2,902,839)**	**2,443,203**
Machines and equipment (Fridges)	**1,840,512**	**(293,266)**	**1,547,246**
Furniture and fixture	**1,666,686**	**(170,077)**	**1,496,609**

Impact on total property, plant and equipment depreciation expense for the year ending December 31, 2023.

Depreciation expense before adjustment	**Adjustment impact**	**Depreciation expense after adjustment**
9,630,834	**(3,366,182)**	**6,264,652**

The following is a summary of the effects on the items in the consolidated financial statements:

	Before adjustment	**Adjustment impact**	**After adjustment**
Consolidated statement of financial position			
Property, plant, and equipment	**25,478,642**	**3,366,182**	**28,844,824**
Accumulated losses	**(8,752,531)**	**3,366,182**	**(5,386,349)**
Consolidated statement of profit or loss and other comprehensive income			
Cost of sales & general and administrative expenses	**(99,420,177)**	**3,366,182**	**(96,053,995)**
Net loss for the year attributable to shareholders of the parent company	**(7,729,166)**	**3,366,182**	**(4,362,984)**
Basic and diluted loss per share	**(2.57)**	**1.12**	**(1.45)**

7 - Intangible assets

	Note	2023	2022
Cost			
Balance, beginning of the year		**527,501**	673,457
Additions during the year		**15,718**	8,040
Disposals during the year		**-**	(153,996)
Balance, ending of the year		**543,219**	527,501
Accumulated amortization			
Balance, beginning of the year		**312,926**	375,222
Charge for the year	24	**77,376**	91,700
Disposals during the year		**-**	(153,996)
Balance, ending of the year		**390,302**	312,926
Net book value		**152,917**	214,575

8 - Capital works under construction

A- Capital work under construction represents improvements to leased premises (sales branches) and the cost of installing machinery and equipment. The expected cost of completing capital works under construction is SR 386,678 and it's expected to be completed during 2024.

B- The following is the movement of works under construction for the two years ended in December 31:

	Note	2023	2022
Balance, beginning of the year		**1,330,436**	2,171,896
Additions during the year		**2,185,790**	2,029,636
Transferred to property, plant and equipment	6	**(2,099,734)**	(2,871,096)
Balance, ending of the year		**1,416,492**	1,330,436

9 - Right of use assets and lease liabilities

A- This is the movement of the right to use assets:

	Note	2023	2022
Cost			
Balance, beginning of the year		**57,970,572**	59,531,017
Additions during the year		**24,755,272**	8,290,915
Disposals during the year		**(13,445,054)**	(9,851,360)
Amendments		**107,703**	-
Balance, ending of the year		**69,388,493**	57,970,572
Accumulated depreciation			
Balance, beginning of the year		**38,214,170**	30,999,357
Charge for the year	23	**13,255,223**	13,415,918
Disposals during the year		**(10,891,670)**	(6,201,105)
Balance, ending of the year		**40,577,723**	38,214,170
Net book value		**28,810,770**	19,756,402

9 - Right of use assets and lease liabilities

B- This is the movement of the lease liabilities:

	Note	2023	2022
Balance, beginning of the year		**16,774,130**	23,669,855
Additions during the year		**24,755,272**	8,246,941
Interest cost	25	**985,289**	989,250
Amendments		**110,989**	(26,305)
Disposals during the year		**(2,562,392)**	(3,650,255)
Paid during the year		**(13,205,581)**	(12,455,356)
Balance, ending of the year		**26,857,707**	16,774,130
Non-current portion		**14,812,802**	5,829,706
Current portion		**12,044,905**	10,944,424

* Leases liabilities as of December 31, 2023 include an amount of SR 49,563 (2022: SR 435,655) against vehicle lease contracts ending with ownership with Abdul Latif Jameel Company and Saudi Oryx Financial Leasing Company. The interest rate for these agreements is 4.30%.

10 - Investment in associate company

A- The group invested in Ajdan Company Fruits and Vegetables Company (a limited liability company) with a percentage of 55% (indirect ownership percentage) of its capital, amounting to SR 500,000. The activity of the associate company is the cooling and freezing of fruits, cooling and freezing of vegetables, drying and packaging of dates and the manufacture of their products, drying and packaging of grapes and figs and the manufacture of their products, wholesale of fruits and oleaginous fruits, wholesale sale of fruits, wholesale sale of vegetables, wholesale sale of honey, retail sale of dates, retail sale. For nuts, coffee, spices and spices.

B- Below are the details of the investment account details in the associate company:

	Note	2023	2022
Balance, beginning of the year		**176,578**	176,578
Provision of impairment of investment	10 – C	**(176,578)**	(176,578)
Balance, ending of the year		**-**	-

C- During the year 2022, an impairment in the amount of SR 176,578 was recognized (representing the entire value of the investment according to the equity method), as the associate company is under liquidation. (Note – 24).

11 - Inventory

	2023	2022
Packaging materials and operating supplies	**3,104,281**	3,504,052
Stock of vegetables, fruits and frozen food items	**2,125,304**	2,189,141
	5,229,585	5,693,193

12 -Prepaid expenses and other assets

A- This item consists of the following:

	Note	2023	2022
Advance payments to suppliers		**3,927,023**	7,672,424
Shareholders' equity balances **		**1,100,213**	926,814
Government expenses paid in advance		**1,159,374**	1,387,126
Employees receivables		**603,786**	586,442
Prepaid insurance		**507,171**	546,287
Refundable deposit		**261,528**	161,384
Prepaid financing costs		**259,589**	28,591
Other		**56,872**	166,998
		7,875,556	11,476,066
Less: Provision for an impairment in advances	12 – B	**(847,434)**	(847,434)
		7,028,122	10,628,632

** These amounts represent payments for consultancy fees related to the increase in capital, and they will be deducted from the proceeds of the offering.

B- The following is the movement of the provision for an impairment in advances:

	Note	2023	2022
Balance, beginning of the year		**847,434**	-
Charge during the year	24	**-**	847,434
Balance, ending of the year		**847,434**	847,434

13 -Due from the related party

During the year, there were transactions with related parties as part of the group's ordinary course of business, approved by management. Management considers that the terms of these transactions do not materially differ from any other transactions the company conducts with third parties. This item includes the following:

	2023	2022
Ajdan Company for Fruits and Vegetables Company (Associate Company)	**150,269**	150,269
Deduct: Allowance for expected credit losses*	**(150,269)**	(150,269)
Net	**-**	-

* During the year 2022, an allowance for expected credit losses was recognized in the entire balance due from Ajdan Company for Fruit and Vegetable Company, amounting to SR 150,269 as the company is under liquidation (Note – 24).

14 -Accounts receivable

A- This item consists of the following:

	Note	2023	2022
Accounts receivables	14 – B	**8,011,975**	6,396,638
Provision for expected credit losses	14 – C	**(1,214,473)**	(526,693)
		6,797,502	5,869,945

B- The following is the aging for accounts receivables:

	2023	2022
1 – 90 Days	**4,103,561**	3,855,741
91 – 180 Days	**2,420,318**	1,172,250
181 – 270 Days	**245,925**	474,332
271 – 365 Days	**202,431**	623,690
More than 365 days	**1,039,740**	270,625
Total	**8,011,975**	6,396,638

14 -Accounts receivable (continued)

C- The following is the movement in the provision for expected credit losses:

	Note	2023	2022
Balance, beginning of the year		**526,693**	-
Charge during the year	24	**687,780**	526,693
Balance, ending of the year	14 – D	**1,214,473**	526,693

D- The analysis of the provision for expected credit losses is as follows:

	2023			2022		
Range	**ECL rate**	**Book balance**	**ECL**	ECL rate	Book balance	ECL
1 – 90 Days	**0.51%**	**4,103,561**	**20,991**	3.97%	3,855,741	135,803
91 – 180 Days	**1.28%**	**2,420,318**	**31,079**	3.27%	1,172,250	34,894
181 – 270 Days	**10.21%**	**245,925**	**25,108**	5.94%	474,332	27,873
271 – 365 Days	**48.19%**	**202,431**	**97,555**	11.42%	623,690	71,202
More than 365 days	**100%**	**1,039,740**	**1,039,740**	94.94%	270,625	256,921
Total		**8,011,975**	**1,214,473**		6,396,638	526,693

15 -Cash on hand and banks balances

	2023	2022
Bank balances	**353,985**	489,023
Cash on hand	**2,366,245**	2,237,102
	2,720,230	2,726,125

The Group deposits its cash amounts in high credit rated banks in the Kingdom of Saudi Arabia. The Group’s management does not believe that the expected credit losses on its bank balances are significant.

16 -Statutory reserve

In line with the requirements of the corporate law, the Company's by-laws may stipulate setting aside a certain percentage of the net profits to form a reserve to be allocated for the purposes specified by the Company’s by-laws. According to the Company’s by-laws, at the end of each fiscal year, at least 10% of the annual net profit is set aside to form a statutory reserve, and the General Assembly may decide to stop this set aside when the stated reserve reaches 30% of the Company’s capital. No statutory reserve was set aside due to the realization of losses during the year.

17 -Long term loans and face bonds

A- During the year 2016, the Group entered into a long-term loan agreement with Al Rajhi Bank for an amount of SR 10M, with a profit margin of 3% plus the SIBOR rate, payable over a period of 60 months, to finance the Group's operational activities. This loan is secured by the Group's signing of a promissory note covering all liabilities, a corporate guarantee, and undertakings from the major shareholders in the Group, along with compliance with other terms and conditions. The loan was repaid during the year 2023.

B- In 2017, the Group entered into a long-term loan agreement with Al Rajhi Bank for SR 10 million, with a profit margin of 3% plus the SIBOR rate, payable over 48 months, to finance operational activities. This loan is secured by the Group's signing of a promissory note covering all liabilities, a corporate guarantee, undertakings from major shareholders, and other financial terms and commitments. The loan was repaid during the year 2023.

C- In 2018, the Group entered into a loan agreement with Al Rajhi Bank for SR 13 million (10 million Saudi Riyals at a profit margin of 3% plus the SIBOR rate payable over 60 months and 3 million Saudi Riyals at a profit margin of 3.5% plus the SIBOR rate payable over 4 months) to finance operational activities. This loan is secured by the Group's signing of a promissory note covering all liabilities, a corporate guarantee, undertakings from major shareholders, and compliance with other terms and conditions.

17 -Long term loans and face bonds (continued)

D- In 2019, the Group entered into a loan agreement with Al Rajhi Bank for SR 10 million (7 million Saudi Riyals at a profit margin of 3.5% plus the SIBOR rate payable over 60 months and 3 million Saudi Riyals at a profit margin of 3.5% plus the SIBOR rate payable over 4 months) to finance operational activities. This loan is secured by a corporate guarantee, undertakings from major shareholders, and compliance with other financial terms and commitments.

E- On May 22, 2022, the Group signed a credit facility agreement with Emirates NBD Bank to finance working capital, consisting of documentary credits, trade finance, and supplier invoices totaling 10 million Saudi Riyals, with an average profit margin of 3.5% plus the SIBOR rate for a period of 180 days. This agreement is secured by a promissory note signed by the Group for 10 million Saudi Riyals, confirmation from the guarantor, and personal guarantee from one of the major shareholders in the Group, along with general assignment of receivables and other financial terms and commitments. The loan was repaid during the year 2022.

F- During the year 2022, the Group entered into a bonds program through a local financial Company to issue bonds for financing working capital and capital expansions of the Group with a total amount of SR 20,000,000. The total nominal value of the outstanding issuances within one year should not exceed SR 10,000,000, and SR 5,000,000 for each issuance. In 2023, the Group obtained issuances worth SR 6,000,000 (6,000 bonds, with a nominal value of SR 1,000 each) at profit margin rates ranging from 7.41% to 8%. The issuances are payable quarterly for one year from the issuance date. The Group provided a promissory note upon receiving the bonds, with a value of SR 6,474,100. In 2024 (the subsequent period), the Group obtained issuances worth SR 2,000,000 (2,000 bonds, with a nominal value of SR 1,000 each) at an annual profit margin of 8%. The issuances are payable quarterly for two years from the issuance date. The Group provided a promissory note upon receiving the bonds, with a value of SR 2,320,000.

Sukuk Development Entity: The Sukuk Development Entity "the Entity" was established as a Special Purpose Entity, with its Articles of Association approved on January 10, 2023, under license number SPE00167 dated on January 25, 2023 and valid for five years, pursuant to the regulations governing Special Purpose Entities issued by the Saudi Arabian Capital Market Authority. The purpose of the Entity is to obtain financing through the issuance of debt-based instruments, issuing shares for incorporation purposes, under the name of the Entity's trustee, and engaging in ancillary activities necessary to achieve its objectives. The Entity was established, and its 1,000 shares were registered without nominal value in the name of the Entity trustee. The trustee is not the owner of these shares and is not permitted to dispose of them or make any structural changes to the Facility without the approval of the Authority. The trustee of the Facility is Dinar Investment Company, a limited liability company whose business activities focus on financial technology in securities transactions.

G- The movement of long-term loans and bonds is as follows:

	2023	2022
Balance, beginning of the year	**18,536,526**	28,641,342
Additions during the year	**15,491,639**	5,338,251
Paid during the year	**(22,130,308)**	(15,443,067)
Balance, beginning of the year	**11,897,857**	18,536,526
Non-current portion	**3,311,382**	7,397,857
Current portion	**8,586,475**	11,138,669

H- The repayment schedule for long-term loans and bonds is as follows:

Year	**Amount**
2024	**8,586,475**
2025	**3,311,382**
	11,897,857

18 -Defined employees' benefit plan liability

A- The Group determines the present value of its defined employee benefit plan liabilities by performing an actuarial valuation using the estimated unit incremental method after considering the following set of assumptions:

Parent company – Development Works Food Company	**2023**	2022
Discount rate	**4,77%**	4,86%
Salary increase rate	**2.60%**	4.36%
Average number of years of previous experience	**3.26 year**	2.50 year
Staff turnover rate	**Average**	Average
retirement age	**60 years**	60 years

Subsidiary Company – Feddan Fruit Company for Vegetables and Fruits	**2023**	2022
Discount rate	**4.77%**	4.86%
Salary increase rate	**2.00%**	2.00%
Weighted average duration of the plan	**3.73 years**	3.00 years
Staff turnover rate	**Average**	Average
retirement age	**60 years**	60 years

B- The following is the movement of defined employees' benefits plan liabilities:

	2023	2022
Balance, beginning of the year	**2,076,836**	1,719,481
Recognized in the consolidated statement of the profit or losses		
Current service cost	**727,329**	717,212
Interest cost	**82,404**	55,508
	809,733	772,720
Recognized in the consolidated statement of OCI		
Actuarial gains / (losses)	**(39,653)**	67,688
Movement on cash		
Paid during the year	**(348,892)**	(483,053)
Balance, ending of the year	**2,498,024**	2,076,836

C- The sensitivity analysis of defined employees' benefits plan liabilities is as follows:

	2023		2022	
Assumption	**Increase 0.5%**	**Decrease 0.5%**	Increase 0.5%	Decrease 0.5%
Discount rate	**2,418,011**	**2,581,133**	1,827,874	2,080,357
Salary inflation rate	**2,543,261**	**2,453,614**	2,080,357	1,826,780

18 -Defined employees' benefit plan liabilities (continued)

The above sensitivity analyzes are based on the change in assumptions while all other assumptions are held constant. From a scientific standpoint, this is unlikely to happen and some changes in some assumptions may be related to each other. When calculating the sensitivity of employees' end-of-service benefits to a fundamental actuarial assumption, the same method is applied (the present value of employees' end-of-service benefits is calculated on the basis of the unit credit cost method). Estimated at the end of the reporting period) when calculating employee end-of-service benefits recognized in the consolidated statement of financial position.

19 -Accounts payables

The accounts payable balances amounting to SR 8,560,654 Saudi riyals as at December 31, 2023 (2022: SR 5,135,822) represent amounts due to commercial suppliers for normal commercial transactions.

20 -Accrued expenses and other liabilities

	2023	2022
Accrued salaries and benefits	**2,543,838**	1,503,798
Accrued financing interest	**1,378,427**	1,581,481
Payables to service suppliers	**1,029,755**	1,124,254
Accrued expenses	**340,048**	166,736
Assets suppliers	**250,790**	460,912
Value added tax	**137,963**	377,855
Other	**70,739**	49,720
	5,751,560	5,264,756

21 -Zakat provision

A- The following movement of the zakat provision:

	2023	2022
Balance, beginning of the year	**282,304**	303,590
Charged during the year	**223,328**	301,835
Zakat Differences	**120,841**	-
Zakat assessment	**119,760**	-
Reversed	**(153,095)**	-
Zakat Expense	**310,834**	301,835
Zakat Settlement	**17,106**	-
Paid during the year	**(357,762)**	(323,121)
Balance, ending of the year	**252,482**	282,304

B- Zakat Status

Development Works Food Company (parent Company): The Company has finalized its zakat status until 2017. The Company has submitted Zakat declarations and unconsolidated financial statements to the Zakat, Tax and Customs Authority until 2022, and has paid the dues due under those declarations and obtained the required certificates. The following is a summary of the company's liabilities to date. assessments to date:

21 -Zakat provision (continued)

B- Zakat Status (Development Works Food Company (parent Company – continued)

Year	Assessment amount	Paid amount	Remaining amount	Zakat Status
2017	9,349	-	9,349	The Company did not dispute the amount of the mentioned Zakat assessment.
2018	241,370	-	241,370	The Company objected to the zakat assessment and it was rejected by the Authority. The Company escalated the objection to the tax committees and it has not been decided upon to date.
2019	110,411	110,411	-	The Company received a zakat assessment in the amount of 67,456 Saudi riyals, and it was not objected to by the Company's management.
2020	448,481	237,926	210,555	The Company objected to the zakat assessment and it was rejected by the Authority. The Company escalated the objection to the tax committees and it has not been decided upon to date.
2021 & 2022	-	-	-	The Company has received inquiries from the Zakat, Tax and Customs Authority, and they are being responded to by the management.

Feddan Fruit and Vegetable Company (subsidiary company): The Company submitted the financial statements and zakat declarations to the Zakat, Tax and Customs Authority from the time of incorporation until 2022, and paid what was due from it according to those declarations and obtained the required certificates. No zakat assessment has been made for those years to date.

22 - Sales

A- The group's sales mainly consist of sales of vegetables, fruits, food and beverages through direct sales, branch sales and delivery applications.

B- Revenue from sales is recognized at a point of time. The Group carries out its activities as a principal.

C- Sector information: The sector is considered an essential part of the Group and provides specific products or services (business sector) or provides products or services in a specific economic environment (geographic sector), and its profits and losses differ from the profits and losses of other sectors. Whereas the main activity of the Group consists of one main sector, which is the sale of fruit products and juices using the "Juice Time", "Quiznos" and "Beef Shot" trademarks, and other activities that are not materially significant, including food activities using the "Jamrati" trademark, no Other activities meet any of the quantitative limits for revenues, profits or assets to be reported separately as an operating segment in accordance with the requirements of International Financial Reporting Standard (8) "Operating Segments" to present operating segments, and all of its activities are carried out within the Kingdom of Saudi Arabia, so the Group has prepared segment information according to The geographic regions within the Kingdom of Saudi Arabia are as follows:

Sales by geographic region	**2023**	2022
Central Region	**67,666,811**	74,828,529
Western Region	**14,963,865**	15,782,946
Southern area	**6,818,955**	8,038,965
Total	**89,449,631**	98,650,440

22 -Sales (continued)

D- Below are details of sales by company's operational activities:

	2023	2022
Juice Time trade mark sales	**81,626,243**	88,231,725
Quiznos trade mark sales	**7,194,063**	6,307,212
Sales of vegetables and fruits	**335,501**	3,118,769
Beef Shot Sales	**293,824**	-
Jamarti Brand sales	**-**	992,734
Total	**89,449,631**	98,650,440

23 -Cost of sales

A- This item consists of the following:

	Note	**2023**	2022
Inventory, beginning of the year		**5,693,193**	7,024,518
Purchases during the year		**35,853,070**	38,051,837
Inventory at the end of the year		**(5,229,585)**	(5,693,193)
Cost of goods sold		**36,316,678**	39,383,162
Direct operating expenses	23 – B	**49,773,405**	54,878,254
Cost of sales		**86,090,083**	94,261,416

B- Details of direct operating expenses are as follows:

	Note	**2023**	2022
Depreciation of the right to use assets	9	**13,255,223**	13,415,918
Employee salaries and benefits		**13,166,767**	15,074,252
Depreciation of property and equipment	6	**5,425,622**	8,769,262
Governmental expenses		**4,850,972**	5,263,435
Shipping and delivery		**3,929,227**	3,158,874
Delivery app commissions		**2,663,428**	769,163
Benefits and services		**2,381,502**	2,309,153
Maintenance and repair		**865,054**	836,304
Cleaning expenses		**625,829**	532,263
Bank expenses		**536,992**	591,890
Insurance expenses		**468,425**	492,480
Social insurance		**452,693**	1,908,336
Rental expenses		**256,682**	429,258
Franchise expenses		**221,725**	215,462
Application development expenses		**217,599**	252,841
Expenses for attracting employees		**161,491**	282,435
Entry fee		**47,530**	85,878
Stationery and publications		**21,515**	68,639
Other		**225,129**	422,411
		49,773,405	54,878,254

24 -General and administrative expenses

	Note	2023	2022
Employee salaries and benefits		**5,361,249**	5,651,802
Depreciation of property and equipment	6	**839,030**	1,006,402
Professional fees and consultations		**791,768**	781,570
Expected credit losses for trade receivables	14	**687,780**	526,693
Remuneration of board members	29	**506,580**	51,000
Governmental expenses		**321,078**	543,999
Insurance expenses		**230,361**	205,008
Fines and violations		**229,032**	94,520
Benefits and services expenses		**225,044**	218,776
Social insurance		**221,490**	162,322
Application development expenses		**142,448**	131,359
Shipping expenses		**45,395**	28,566
Amortization of intangible assets	7	**77,376**	91,700
Bank expenses		**42,273**	68,606
Stationery and publications		**39,410**	37,262
Rentals		**37,897**	40,900
Maintenance and repair		**21,770**	40,278
Impairment in advances	12	**-**	847,434
Impairment of investment in the associate	10	-	176,578
Impairment in due from the related party	13	-	150,269
Other		**143,931**	139,933
		9,963,912	10,994,977

25 -Finance cost

	Note	2023	2022
Lease liabilities interest expense	9	**985,289**	989,250
Loans and bonds interest expense		**915,274**	314,329
Defined employee’s benefit plan interest expense	18	**82,404**	55,508
		1,982,967	1,359,087

26 -Other income

	2023	2022
Sublease rental income	**3,161,438**	3,802,842
Revenue from financial claim and lawsuit	**786,354**	-
Franchise revenue	**469,504**	776,029
Manpower income	**244,746**	434,258
Gains on disposal of lease liabilities	**5,722**	-
(Losses) / gains on sale of property, plant and equipment	**(113,944)**	106,400
Other income	**15,058**	79,454
	4,568,878	5,198,983

27 -Loss per share

Basic and diluted loss per share is calculated by dividing the net loss for the year by the weighted average number of shares outstanding at the end of the year, as follows:

	2023	2022
Net loss for the year	**(4,362,984)**	(3,223,093)
Weighted average number of outstanding shares at the end of the year	**3,000,000**	3,000,000
Basic and diluted loss per share from net loss for the year	**(1.45)**	(1,07)

28 -Dividend

During the year, as per the approval of the partners in the Feddan Fruit Company for Vegetables and Fruits, dividends amounting to SR 504,278 were distributed, each according to their percentage in the capital. An amount of SR 151,283 was paid in cash during the year, and the unpaid portion amounting to SR 352,995 was credited to the parent Company's account.

29 -Compensation of senior management and senior executives

Compensation of senior management and senior executives represents those amounts paid to persons who have authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, including any manager (whether executive or otherwise): Below are the details of compensation of senior management and senior executives:

			Transactions amounts	
Related party	**Relationship**	**Transaction type**	**2023**	2022
Senior management and senior executives	Employees	Salaries and bonuses	**1,500,000**	1,111,074
Board of Directors and related committees	Charged with governance	Attendance fees (note 24)	**506,580**	51,000
Ashry Saad Al-Ashry	predecessor	Withdrawals	**200,300**	1,964,340
	Chairman	Payments	**200,300**	1,964,340

30 -Contingent liabilities

A- The Group has liabilities for annual operating lease contracts that represent the minimum rental payments payable, the minimum amounts that are not subject to cancellation in exchange for renting facilities and residential units.

	2023	2022
Within one year	**249,091**	342,804

B- The Group has contingent liabilities for completion of capital works under construction in the amount of SR 386,678 (Note 8).

C- The group signed promissory notes and committed to pledges and guarantees against the loans and instruments granted to the group, as shown in Note No. 17.

31 -Legal status

A- The Group (as the claimant) filed lawsuits against several clients (the defendants) demanding the recovery of outstanding receivables totaling SR 2,183,187. The Group was awarded final judgments in several cases totaling SR 1,927,335, and execution requests were filed for these amounts. An initial judgment was issued in favor of the Group in another case for SR 255,852, with the appeal court's decision pending.

B- The Group, as the claimant, filed lawsuits for SR 170,559 against several former employees of the Group (as the defendants), and judgments were issued in favor of the Group. Execution requests were filed for these amounts.

C- The Group made financial contributions to enter as a 55% partner in as a partner an existing company. Subsequently, the Group filed a lawsuit against the other partner in the invested company, either to complete the legal procedures and enter the company as a 55% partner, or to compel the partner in the invested company (the defendant) to refund the funds paid by the Group. The judgment in this case has not been issued until date.

32 -Financial instruments, risk management and fair value

Financial instruments

The financial instruments included in the consolidated statement of financial position mainly include receivables, cash on hand and at banks, loans & bonds, accounts payable. The accounting policies for financial assets and financial liabilities are stated in (Note 4).

Risk Management

The Group's management has overall responsibility for setting and supervising the Group's risk management frameworks. The Group's risk management policies have been developed to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adhere to those limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. Through its training and management procedures and standards, the Group aims to have a constructive and regular control environment in which employees are aware of their responsibilities and obligations.

Credit risk

Credit risk represents the risk of financial loss that the Group faces in the event that the customer or counterparty in a financial instrument fails to fulfill its contractual obligations, and it mainly arises from cash in banks and receivables. The maximum exposure to credit risk represents the carrying value of these assets.

The cash balance is represented in current accounts, and since the cash is deposited with financial institutions with a high credit rating, management believes that the Group is not exposed to significant risks. Customer-related credit risk is managed by the business unit subject to the Group’s policies, procedures and controls on customer-related credit risk management. Credit limits are established for all customers using internal and external rating standards and controls. The credit quality of customers is evaluated according to a credit rating system. Outstanding receivables are monitored regularly.

The following is a detail of the credit risks to which the Company is exposed:

	2023	2022
Cash at banks	**2,366,245**	2,237,102
Account receivables	**8,011,975**	6,396,638
Other debit balances	**865,314**	747,826
	11,243,534	9,381,566

* Please refer to (Note 12) for more details about the impairment in advances and (Note 13) for more details about the ECL the balance due from the related party and (Note 14) for more details about the ECL for related to trade receivables.

Market risk

Market risk is the risk of the potential impact of changes in market prices such as foreign exchange rates and commission rates. The objective of market risk management is to manage and control exposure to market risks within acceptable limits while achieving the highest possible return.

Foreign exchange rate risk: Foreign exchange rate risk results from changes and fluctuations in the value of financial instruments as a result of changes in foreign exchange rates. The Group's management believes that the risks of fluctuations in currency exchange rates are insignificant as most of the Group's financial transactions are carried out in Saudi riyals.

32 -Financial instruments, risk management and fair value (continued)

Risk Management **(continued)**

Market risk (continued)

Commodity price risks: Commodity price risks are the risks associated with changes in the prices of some commodities, which are mainly represented in the purchase prices of vegetables and fruits from external suppliers. The Group's management believes that it is not exposed to significant risks due to fluctuations in commodity prices.

Interest rate risk
The Group manages interest rate risk through the use of debt and fixed rate deposits. The Group does not have any assets or liabilities with variable interest rates. Management has estimated that the impact on the results of operations for the year due to the increase or decrease in the interest rate is not material.

The table below reflects the extent to which income is affected by reasonably possible changes in commission rates related to variable interest loans, with all other subject to change remaining constant.

	Increase/decrease in basis points	Impact on net loss for the year
2023	**+ 100**	**118,978**
2023	**– 100**	**(118,978)**
2022	+ 100	185,365
2022	– 100	(185,365)

Capital risk
The Group's policy is to maintain a strong capital base to instill confidence in users of the consolidated financial statements and to sustain future business development. The Group manages its capital structure and adjusts in light of changes in economic conditions. Management monitors the return on capital, which the Group defines as the result of operating activities divided by total equity. There have been no changes in the Group's capital management approach during the year.

Management monitors the level of dividends distributed to ordinary shareholders.

The Group is subject to capital requirements by banks that have provided loans and credit facilities to the Group.

Below is an analysis of the Group's debt-to-equity ratio.

	2023	2022
Total liabilities	**55,818,284**	48,070,374
Less: Cash on hand and at banks	**(2,720,230)**	(2,726,125)
Net	**53,098,054**	45,344,249
Total equity	**25,182,158**	29,623,075
Liability to equity	**2.11**	1.53

32 - Financial instruments, risk management and fair value (continued)

Risk Management (continued)

Liquidity risk

Liquidity risk represents the Company's difficulties in meeting commitments associated with its financial liabilities. The Company's approach to managing liquidity risk is to maintain sufficient cash and cash equivalents and ensure that funds are available to meet commitments as they fall due. The management monitors the risk of liquidity shortage using forecast models to determine the effects of operating activities on the overall liquidity availability, and maintains an available cash liquidity ratio, which ensures debt repayment when due.

The table below summarizes the maturity dates of the Company's financial liabilities based on contractual undiscounted payments:

2023	**1 – 12 Months**	**1 -5 Years**	**More than 5 years**	**Indefinite term**	**Total**
Leases liabilities	**12,044,905**	**13,801,002**	**1,011,800**	**-**	**26,857,707**
Loans & Sukuk	**8,586,475**	**3,311,382**	**-**	**-**	**11,897,857**
Accounts payable	**8,560,654**	**-**	**-**	**-**	**8,560,654**
Accruals and other liabilities	**5,751,560**	**-**	**-**	**-**	**5,751,560**
Total	**35,196,076**	**17,112,384**	**1,011,800**	**-**	**53,067,778**

2022	**1 – 12 Months**	**1 -5 Years**	**More than 5 years**	**Indefinite term**	**Total**
Leases liabilities	10,894,861	5,689,269	190,000	-	16,774,130
Loans & Sukuk	11,138,669	7,397,857	-	-	18,536,526
Accounts payable	5,135,822	-	-	-	5,135,822
Accruals and other liabilities	5,264,756	-	-	-	5,264,756
Total	32,716,412	13,087,126	190,000	-	45,711,234

Fair value

The following table shows the book value of financial assets and liabilities, including their levels and fair value hierarchy. This does not include information about the fair value of these financial assets and liabilities, as the book value represents a reasonable estimate of the fair value and does not differ significantly from it.

	Book value	
	2023	2022
Financial assets		
Receivables	**6,797,502**	5,869,945
Cash on hand and at banks	**2,720,230**	2,726,125
	9,517,732	8,596,070
Financial liabilities		
Loans and Sukuk	**11,897,857**	18,536,526
Accounts payable	**8,560,654**	5,135,822
Accrued expenses and other liabilities	**5,751,560**	5,264,756
	26,210,071	28,937,104

33 - Non-controlling interest

	Percentage of non-controlling interest	Balance 2023	Balance 2022
Non-controlling interest of the subsidiary – Feddan Fruit Company for Vegetables and Fruits	**30%**	**226,929**	345,650

The following table summarizes information relating to the subsidiary (Feddan Fruit Company for Vegetables and Fruits) as of December 31, 2023, which has non-controlling interests:

	Statement of financial position	
	2023	**2022**
Assets:		
Non-current Assets	**715,145**	1,147,490
Current Assets	**2,687,197**	2,546,352
Total Assets	**3,402,342**	3,693,842
Equity and liabilities:		
Equity		
Total Equity	**756,430**	1,152,166
Liabilities:		
Non-Current Liabilities	**218,242**	298,543
Current Liabilities	**2,427,670**	2,243,133
Total Liabilities	**2,645,912**	2,541,676
Total Shareholders' Equity and liabilities	**3,402,342**	3,693,842
Total non-controlling interest (30%)	**226,929**	345,650

	Statement of profit or loss and other comprehensive income	
	2023	**2022**
Revenue	**10,954,160**	15,557,113
Expenses	**(10,841,838)**	(15,039,776)
Net profit for the year	**112,322**	517,337
Allocated to the non-controlling interest (30%)	**33,697**	155,201
Other comprehensive income	**(3,783)**	(15,171)
Allocated to the non-controlling interest (30%)	**(1,135)**	(4,551)

34 - Reclassification

Some comparative year figures have been reclassified to be consistent with the current year's classification, as follows:

	Before the Reclassification	Reclassification	After the Reclassification
Accounts receivables	5,847,316	22,629	5,869,945
Cash on hand and at banks	2,748,316	(22,629)	2,726,125
Lease liability	16,338,475	435,655	16,774,130
Finance lease liabilities	435,655	(435,655)	-
Cost of revenue	(95,689,443)	1,428,027	(94,261,416)
Selling and marketing expenses	(307,118)	307,118	-
General and administrative expenses	(9,353,225)	(1,641,752)	(10,994,977)
Other income	5,292,376	(93,393)	5,198,983

35 - Significant matters

On June 18, 2023, the general assembly of shareholders was held. However, voting on absolving the members of the board of directors from liability for the fiscal year ended December 31, 2022, was withheld. Additionally, the general assembly of shareholders refused to approve the disbursement of bonuses and allowances totaling SR 939,000 to members of the board of directors and its committees for the year ended December 31, 2022.

36 - Subsequent events

On January 3, 2024, the Board of Directors recommended increasing the capital of the parent company through a rights issue worth SR 90 million. This increase is subjected to the approval of the extraordinary general assembly of shareholders and the relevant official authorities.

Otherwise, management believes that there are no significant subsequent events after the reporting date and before issuing of these consolidated financial statements that require their amendment or disclosure.

37 - Approval of consolidated financial statements

The consolidated financial statements were approved by the Board of Directors after the recommendation of the members of the audit committee to approve them on Shawwal 26, 1445 AH (corresponding to May 5, 2024).