

DEVELOPMENT WORKS FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)
RIYADH - KINGDOM OF SAUDI ARABIA

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024

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**Independent auditor's review report
On the Interim Condensed Consolidated Financial Statements**

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Development Works Food Company (A Saudi Joint Stock Company) (the "Company") and its subsidiaries (the "Group"), which include the interim condensed consolidated statement of financial position as at 30 September 2024, the interim condensed consolidated statements of profit or loss and other comprehensive income for the three and nine-month periods ended 30 September 2024, the interim condensed consolidated statement of changes in equity, and statement of cash flows for the nine-month period then ended and notes to the interim condensed consolidated financial statements. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

Except as explained in the following paragraph, we conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated financial statements consists of making inquiries primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis of qualified conclusion

As set out in note 7 of the accompanying interim condensed consolidated statement of financial position, the balance of right of use assets and lease liability as at 30 September 2024 amounted to SR 24.7 million and SR 21.7 million respectively (December 31, 2023: SR 28.8 million and SR 26.8 million respectively). During the Period ended 30 September 2024 and during the year ended December 31, 2023 (comparative year and period), the Group's management recognized lease additions and disposals under right of use of assets and lease liabilities and sub lease income under other income. We have not reached a degree of certainty about the method of accounting and the correctness of the accounting treatment related to these transactions and their impact on the current period, comparative year and period and whether they should have been accounted for in prior years in the consolidated financial statements, nor have we been able to determine the impact on the amortization of leasehold improvements included in property and equipment note 6 and whether the depreciation rates used by the Group are reasonable and appropriate to the terms of the leases. Additionally, the other income shown in the interim condensed consolidated statement of profit or loss and other comprehensive income for the three and nine month period ended September 30, 2024 included sublease income recognized by the Group of SR 1.15 million and SR 2.26 million respectively (for the three and nine month period ended September 30, 2023: SR 1.79 million and SR 1.95 million). The Group has not assessed whether the subleases represent operating or finance leases in accordance with the requirements of IFRS 16 (Leases). Accordingly, we were unable to determine whether there were any necessary adjustments in the current period or in prior periods and years and the impact of such matters on the interim condensed consolidated financial statements.

**Independent auditor's review report
On the Interim Condensed Consolidated Financial Statements (Continued)**

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

Qualified Conclusion

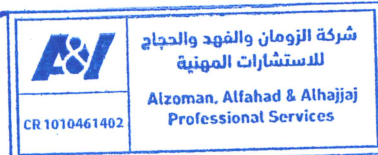
Except for the potential effect and adjustments to the interim condensed consolidated financial statements that we might have become aware of had it not been for the situation described in qualification above, based on our review, nothing has come to our attention that causes use to believe that the accompanying interim condensed consolidated financial statement has not been prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as endorsed in the kingdom of Saudi Arabia.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed a qualified opinion on those consolidated financial statements in respect of the qualified matter above, on 26 Shawwal 1445H (corresponding to 5 May, 2024). Further, the interim condensed consolidated financial statements of the Group for the nine-month period ended 30 September 2023 have been reviewed by another auditor who expressed an unmodified conclusion on those interim condensed consolidated financial statements on 25 Rabi' al-Thani 1445 AH (corresponding to 9 November 2023).

Alzoman, Alfahad & Alhajjaj Professional Services

Zaher Abdullah Alhajjaj
Certified Public Accountant
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Riyadh, Kingdom of Saudi Arabia

8 Jumada al-Ula 1446AH
(corresponding to 10 November 2024)

Development Works Food Company
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Statement of Financial Position
As at 30 September 2024
(All numbers are in Saudi Arabian Riyals)

	Note	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	6	27,179,783	28,844,824
Intangible assets		370,242	152,917
Capital works under construction		255,818	1,416,492
Right of use assets	7	24,680,128	28,810,770
Investment in associate	8	-	-
Total non - current assets		52,485,971	59,225,003
Current Assets			
Inventory		5,704,911	5,229,585
Prepayments and other assets		7,680,848	7,028,122
Accounts receivables		6,394,343	6,797,502
Cash and cash equivalents		2,286,587	2,720,230
Total current assets		22,066,689	21,775,439
Total assets		74,552,660	81,000,442
Equity and liabilities			
Equity			
Share capital	1	30,000,000	30,000,000
Statutory reserve		723,931	723,931
Actuarial reserve		(382,353)	(382,353)
Accumulated losses		(2,778,542)	(5,386,349)
Net equity attributable to shareholders of the Company		27,563,036	24,955,229
Non-controlling interest		258,839	226,929
Net equity		27,821,875	25,182,158
Liabilities			
Non-current liabilities			
Lease liabilities– non-current portion	7	12,020,582	14,812,802
Long-term loans and bonds– non-current portion	9	1,739,515	3,311,382
Employees’ defined benefit obligations		2,627,133	2,498,024
Total non - current liabilities		16,387,230	20,622,208
Current liabilities			
Lease liabilities – current portion	7	9,704,815	12,044,905
Long-term loans and bonds – current portion	9	3,917,225	8,586,475
Accounts payables		9,617,511	8,560,654
Accrued expenses and other liabilities		6,617,659	5,751,560
Zakat provision		486,345	252,482
Total current liabilities		30,343,555	35,196,076
Total liabilities		46,730,785	55,818,284
Total equity and liabilities		74,552,660	81,000,442

Chairman of Board of Directors



Chief Executive Officer



Chief Financial Officer



The accompanying notes from (1) to (17) form an integral part of these interim condensed consolidated financial statements.

Development Works Food Company
(A Saudi Joint Stock Company)

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
(Unaudited)

For the three-month and nine-month periods ended September 30, 2024

(All numbers are in Saudi Arabian Riyals)

	Note	<u>For the Three months ended</u> <u>September 30,</u>		<u>For the nine months ended</u> <u>September 30,</u>	
		<u>2024</u> (Unaudited)	<u>2023</u> (Unaudited)	<u>2024</u> (Unaudited)	<u>2023</u> (Unaudited)
Sales	10	25,911,067	23,859,186	76,662,975	70,738,998
Cost of Sales		(23,255,764)	(22,400,075)	(68,176,782)	(66,979,399)
Gross profit		2,655,303	1,459,111	8,486,193	3,759,599
General and administrative expenses		(3,101,236)	(2,477,743)	(7,073,573)	(7,748,289)
Operating (loss) / profit		(445,933)	(1,018,632)	1,412,620	(3,988,690)
Finance costs		(382,891)	(333,317)	(1,094,516)	(1,004,087)
Other income		1,345,875	1,930,603	2,619,751	3,325,537
Profit / (loss) for the period before Zakat		517,051	578,654	2,937,855	(1,667,240)
Zakat		(165,577)	(69,805)	(265,577)	(169,805)
Net profit / (loss) for the period		351,474	508,849	2,672,278	(1,837,045)
Attributable to:					
Shareholder of the parent company		375,725	534,932	2,607,807	(1,881,595)
Non – controlling interests		(24,251)	(26,083)	64,471	44,550
		351,474	508,849	2,672,278	(1,837,045)
Other comprehensive income / (loss)		-	-	-	-
Total comprehensive income / (loss)		351,474	508,849	2,672,278	(1,837,045)
Attributable to:					
Shareholder of the parent company		375,725	534,932	2,607,807	(1,881,595)
Non – controlling interests		(24,251)	(26,083)	64,471	44,550
Earnings / (loss) per share					
Basic and diluted earnings / (loss) per share		0.13	0.18	0.87	(0.63)

Chairman of Board of Directors



Chief Executive Officer



Chief Financial Officer



The accompanying notes from (1) to (17) form an integral part of these interim condensed consolidated financial statements.

Development Works Food Company
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)
For the nine-month period ended September 30, 2024
(All numbers are in Saudi Arabian Riyals)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Actuarial reserve</u>	<u>Accumulated losses</u>	<u>Net equity attributable to shareholders of the Company</u>	<u>Non-controlling interest</u>	<u>Total equity</u>
For the nine-month period ended September 30, 2024:							
Balance as at January 1, 2024 (Audited)	30,000,000	723,931	(382,353)	(5,386,349)	24,955,229	226,929	25,182,158
Net profit for the period	-	-	-	2,607,807	2,607,807	64,471	2,672,278
Other comprehensive loss	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	2,607,807	2,607,807	64,471	2,672,278
Dividends attributed to non-controlling interest	-	-	-	-	-	(32,561)	(32,561)
Balance as at September 30, 2024 (Unaudited)	<u>30,000,000</u>	<u>723,931</u>	<u>(382,353)</u>	<u>(2,778,542)</u>	<u>27,563,036</u>	<u>258,839</u>	<u>27,821,875</u>
For the nine-month period ended September 30, 2023:							
Balance as at January 1, 2023 (Audited)	30,000,000	723,931	(423,141)	(1,023,365)	29,277,425	345,650	29,623,075
Net profit for the period	-	-	-	(1,881,595)	(1,881,595)	44,550	(1,837,045)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(1,881,595)	(1,881,595)	44,550	(1,837,045)
Dividends attributed to non controlling interest	-	-	-	-	-	(151,282)	(151,282)
Balance as at September 30, 2023 (Unaudited)	<u>30,000,000</u>	<u>723,931</u>	<u>(423,141)</u>	<u>(2,904,960)</u>	<u>27,395,830</u>	<u>238,918</u>	<u>27,634,748</u>

Chairman of Board of Directors



Chief Executive Officer



Chief Financial Officer



The accompanying notes from (1) to (17) form an integral part of these interim condensed consolidated financial statements.

Development Works Food Company
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Statement of Cash Flows (Unaudited)
For the nine-month period ended September 30, 2024
(All numbers are in Saudi Arabian Riyals)

	For the Three months ended	
	September 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Cash flows operating activities		
Net profit / (loss) for the period before zakat	2,937,855	(1,667,240)
Adjustments for non-cash items:		
Depreciation of property, plant, and equipment	4,574,585	5,791,607
Gains on disposal of property, plant and equipment	-	(15,340)
Amortization of intangible assets	67,784	105,781
Depreciation of right of use assets	9,618,433	9,732,474
Employees' defined benefit obligations charged	503,800	580,411
Gain on disposal right of use assets	-	(9,008)
Finance cost - leases	720,823	318,897
Finance cost - loans	373,693	685,190
Expected credit loss charged during the period	385,870	-
Cash flows after adjusting non- cash items	19,182,843	15,522,772
Changes in working capital items:		
Inventory	(475,326)	150,870
Prepayments and other assets	(652,726)	(2,754,282)
Accounts receivable	17,289	(676,692)
Accrued expenses and other liabilities	492,406	341,119
Accounts payable	1,056,857	2,913,030
Cash generated from operating activities	19,621,343	15,496,817
Employees' defined benefit obligations paid	(374,691)	(330,213)
Zakat provision paid	(31,714)	(272,955)
Net cash generated from operating activities	19,214,938	14,893,649
Cash flows from investing activities		
Purchase of property, plant, and equipment	(1,558,083)	(187,843)
Proceeds from disposal of property, plant and equipment, net	-	305,633
Purchase of intangible assets	-	(15,717)
Addition to capital works under construction	(475,896)	(427,550)
Net cash used in investing activities	(2,033,979)	(325,477)
Cash flows from financing activities		
Proceed from loans and bonds	3,089,819	13,241,640
Payments of loans and bonds	(9,330,936)	(16,669,779)
Repayment of lease liabilities	(11,340,924)	(10,666,838)
Dividends to non-controlling interest	(32,561)	(151,282)
Net cash used in financing activities	(17,614,602)	(14,246,259)
Net change in cash and cash equivalents	(433,643)	321,913
Cash and cash equivalents at beginning of the period	2,720,230	2,748,754
Cash and cash equivalents at end of the period	2,286,587	3,070,667
Significant non-Cash transactions:		
Additions to right of use assets and lease liabilities	(7,463,304)	3,727,290
Disposal of right of use assets and lease liability	1,975,513	340,989
Transfer from capital works under construction to property, plant, and equipment	1,351,461	-
Transfer from capital works under construction to intangible assets	285,109	-


Chairman of Board of Directors


Chief Executive Officer


Chief Financial Officer

The accompanying notes from (1) to (17) form an integral part of these interim condensed consolidated financial statements.

Development Works Food Company

(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements (Unaudited)

For the three-month and nine-month periods ended September 30, 2024

(All numbers are in Saudi Arabian Riyals)

1 - Organization and Activities

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. The Share Capital amounting to SR 30,000,000 consists of 3,000,000 shares with a nominal value of SR 10 per share.

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

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

These interim condensed consolidated financial statements include the Interim Condensed financial statements of the Company, and its subsidiaries as set out below:

<u>Subsidiary Name</u>	<u>Country of Incorporation</u>	<u>Commercial Registration</u>		<u>Ownership</u>	
		<u>Number</u>	<u>Date of Commercial Registration</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>
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 the date of issuance of these interim condensed consolidated financial statements for the nine-month period ended on September 30, 2024.

2 - Basis of preparing interim condensed consolidated financial statements

Applicable accounting standards

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 endorsed in the Kingdom of Saudi Arabia and other Standards and Pronouncements complementary to the International Standards endorsed by the Saudi Organization for Chartered and Professional Accountants and should be read in conjunction with the latest consolidated financial statements of the Group for the year ended on December 31, 2023. It does not include all the information required for the entire set of consolidated financial statements prepared in accordance with International Financial Reporting Standards, but changes in accounting policies "if any" and selected explanatory notes are included to explain important events and transactions to understand the changes in the consolidated financial position and consolidated financial performance of the Group since the last annual consolidated financial statements.

Basis of measurement

The interim condensed 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 material accounting policy information (Note 3).

Development Works Food Company

(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements (Unaudited) - (Continued)

For the three-month and nine-month periods ended September 30, 2024

(All numbers are in Saudi Arabian Riyals)

2- Basis of preparing interim condensed consolidated financial statements (Continued)

Accounting records

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

Functional and presentation currency

These Interim Condensed Consolidated Financial Statements are presented in Saudi Arabian Riyals which is the functional currency of the Group and are rounded to nearest Saudi Riyal.

Uncertain assumptions and estimates

The preparation of the interim condensed 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.

The significant judgements, assumptions and estimates made by management in applying the Group's accounting policies and the significant sources of uncertainty in the judgments, assumptions and estimates were similar to those described in the Group's most recent annual consolidated financial statements.

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 September 30, 2024, the Group has accumulated losses of SR 2,778,542 (December 31, 2023: 5,386,349 SR). and as at that date the Group's current liabilities exceeded its current assets by SR 8,276,866 (December 31, 2023: SR 13,420,637). 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 Group has experienced significant positive cash flows from operations and improved profitability during the nine-month period. 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 interim condensed consolidated financial statements have been prepared on a going concern basis.

3 - Material accounting policies

The accounting policies applied to these interim condensed consolidated financial statements are the same as those applied to the consolidated financial statements for the year ending December 31, 2023.

4 - New Standards, Amendments to Standards and Interpretations

The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB) have been effective from 1 January 2024 and accordingly adopted by the Group, as applicable:

<u>Standards / Amendments</u>	<u>Description</u>
Amendments to IAS 1	- Classification of liabilities as current or non-current - Non-current liabilities with covenants
Amendments to IFRS 16	Lease liability in a sale and Leaseback
Amendments to IAS 7 and IFRS 7	Supplier finance agreements

The adoption of the amended standards and interpretations applicable to the Group did not have any significant impact on these condensed interim financial statements.

The following new standards, amendments and revisions to existing standards, which were issued by IASB but not yet effective up to the date of issuance of the Fund's condensed interim financial statements. The Fund intends to adopt these standards when they become effective.

Development Works Food Company

(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements (Unaudited) - (Continued)**For the three-month and nine-month periods ended September 30, 2024**

(All numbers are in Saudi Arabian Riyals)

4- New Standards, Amendments to Standards and Interpretations (Continued)

<u>Standards / Amendments</u>	<u>Description</u>	Effective from periods beginning on or after the <u>following date</u>
Amendments to IAS 21	Lack of exchangeability	1 January 2025
IFRS 18 - Presentation and Disclosure in Financial Statements	Key new concepts introduced relate to: <ul style="list-style-type: none">▪ the structure of statement of profit or loss.▪ required disclosures for certain profit or loss performance measures; and▪ enhanced principles on aggregation and disaggregation	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Venture	Available for optional adoption Effective date deferred indefinitely

The Group has not early adopted any new accounting standards, interpretations or amendments that are issued but not yet effective.

5 - Interim condensed consolidated financial results for the period

The Group's management has prepared all the adjustments that are material in order to present the interim condensed consolidated financial statements fairly as at September 30, 2024 and the results of its interim condensed consolidated operations for the period then ended. The interim condensed consolidated financial results for that period may not represent an accurate indication of the financial results for the year ending December 31, 2024.

Development Works Food Company

(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements (Unaudited) - (Continued)

For the three-month and nine-month periods ended September 30, 2024

(All numbers are in Saudi Arabian Riyals)

6 - Property, plant and equipment

A- Property, plant and equipment consists of the following:

<u>As at September 30, 2024 (unaudited)</u>	<u>Leasehold improvements</u>	<u>Furniture and fixtures</u>	<u>Machinery and equipment</u>	<u>Vehicles</u>	<u>Computers</u>	<u>Total</u>
Cost						
Balance at the beginning of the period	41,640,992	12,858,693	13,526,670	4,564,968	1,518,890	74,110,213
Additions during the period	1,234,507	175,435	116,036	-	32,105	1,558,083
Transfer from capital works under construction	1,251,474	79,911	16,739	-	3,337	1,351,461
Balance at the ending of the period	44,126,973	13,114,039	13,659,445	4,564,968	1,554,332	77,019,757
Accumulated depreciation						
Balance at the beginning of the period	24,585,670	7,922,904	8,556,934	2,989,904	1,209,977	45,265,389
Charge for the period	2,070,275	1,087,067	912,646	395,306	109,291	4,574,585
Balance at the ending of the period	26,655,945	9,009,971	9,469,580	3,385,210	1,319,268	49,839,974
Net book value	17,471,028	4,104,068	4,189,865	1,179,758	235,064	27,179,783
 <u>As at December 31, 2023 (audited)</u>						
Cost						
Balance at the beginning of the year	38,900,280	12,829,166	13,511,549	4,841,043	1,471,950	71,553,988
Addition during the year	1,332,579	436,997	64,810	76,500	47,740	1,958,626
Transfer from capital works under construction	1,803,971	14,412	281,351	-	-	2,099,734
Disposals during the year	(395,838)	(421,882)	(331,040)	(352,575)	(800)	(1,502,135)
Balance at the 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 at the 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 during the year	(294,647)	(302,862)	(247,342)	(233,471)	(788)	(1,079,110)
Balance at the 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

B- The leasehold improvements, amounting to SR 44,126,973 as at September 30, 2024. (December 31, 2023: SR 41,640,992) were made on branches rented under operating lease contracts for renewable periods (Note 7).

C- The vehicles include leased cars with a cost of SR 554,871 as at September 30, 2024 (December 31, 2023: SR 554,871). The financing leasing liabilities related to these cars amounted to SR nil as of September 30, 2024 (2023:SR 49,563) and were included in the leasing obligations (Note 7).

Development Works Food Company

(A Saudi Joint Stock Company)

Notes to the interim condensed consolidated financial statements (Unaudited) - (Continued)**For the three-month and nine-month periods ended September 30, 2024**

(All numbers are in Saudi Arabian Riyals)

7 - Right of use assets and lease liabilities

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

	<u>September 30, 2024</u> (unaudited)	<u>December 31, 2023</u> (audited)
Cost		
Balance, beginning of the period / year	69,388,492	57,970,572
Additions	7,463,304	24,755,272
Disposals	(2,602,500)	(13,445,054)
Adjustment	-	107,703
Balance, ending of the period / year	74,249,296	69,388,493
Accumulated depreciation		
Balance, beginning of the period / year	40,577,722	38,214,170
Charge for the period	9,618,433	13,255,223
Disposals	(626,987)	(10,891,670)
Balance, ending of the period / year	49,569,168	40,577,723
Net book value	24,680,128	28,810,770

B- This is the movement of the lease liabilities:

	<u>September 30, 2024</u> (unaudited)	<u>December 31, 2023</u> (audited)
Balance, beginning of the period / year	26,857,707	16,774,130
Additions	7,463,304	24,755,272
Interest cost	720,823	985,289
Amendments	-	110,989
Disposals	(1,975,513)	(2,562,392)
Paid	(11,340,924)	(13,205,581)
Balance, ending of the period / year	21,725,397	26,857,707
Non-current portion	12,020,582	14,812,802
Current portion	9,704,815	12,044,905

* Lease liabilities as of September 30, 2024, include an amount of SR nil (December 31, 2023: SR 49,563) financial leasing liabilities against vehicle lease contracts with ownership with Abdul Latif Jameel Company. The interest rate for these agreements is 4.30%.

8 - Investment in associate

A- The Group invested in Ajdan Fruits and Vegetables Company (a limited liability company) with a percentage of 35% of its capital, amounting to SR 500,000. The non-controlling interest shareholder of Subsidiary Feddan Fruit Company for Vegetables and Fruits. also owns 20% shares of Ajdan. The investee company's activities include cooling and freezing fruits, vegetables, drying and packaging dates and their products, drying and packaging grapes and figs and their products, wholesale trading of fruits and edible oils, wholesale trading of fruits, vegetables and honey, retail trading of dates, nuts, coffee, spices, and herbs.

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

	<u>September 30, 2024</u> (unaudited)	<u>December 31, 2023</u> (audited)
Balance, beginning of the period / year	176,578	176,578
Provision of impairment of investment	(176,578)	(176,578)
Balance, ending of the period / 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.

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9 - Long term loans and bonds

- A.** 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.
- B.** 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.
- C.** During the year 2022, the Group entered a Sukuk program through a local financial Company to issue Sukuk 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 Sukuk, 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 Sukuk, with a value of SR 6,474,100. During the period ended September 30, 2024, the Group obtained issuances worth SR 2,000,000 (2,000 Sukuk, 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 Sukuk, 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.

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

	September 30, 2024 (unaudited)	December 31, 2023 (audited)
Balance at the beginning of the period / year	11,897,857	18,536,526
Additions during the period / year	3,089,819	15,491,639
Paid during the period / year	(9,330,936)	(22,130,308)
Balance at the beginning of the period / year	5,656,740	11,897,857
Non-current portion	1,739,515	3,311,382
Current portion	3,917,225	8,586,475

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

Year	Amount
2024	1,095,358
2025	4,311,382
2026	250,000
	5,656,740

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10 - 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. Performance obligations are fulfilled when the group's products are provided to the customer. The Group carries out its activities as a principal.
- C.** Operating segments: 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.

The Group's main activity consists of one major segment, which is the sale of fruit snacks and juices using the Juice Time, Quiznos Subs, and Beef Shots brands. The chief economic decision maker analyses the Company as one segment.

The Group carries out all its activities within the Kingdom of Saudi Arabia so the Group has prepared sector information according to geographical regions within the Kingdom of Saudi Arabia as follows:

	<u>For the three months ended</u>		<u>For the nine months ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales by geographic region				
Central Region	20,493,941	17,527,810	61,039,180	61,039,180
Western Region	3,707,464	3,909,590	11,237,586	11,237,586
Southern area	1,709,662	2,421,786	4,386,209	4,386,209
Total	25,911,067	23,859,186	76,662,975	76,662,975

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

	<u>For the three months ended</u>		<u>For the nine months ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Juice Time	21,140,177	21,562,326	64,587,691	64,062,934
Beef Shots	2,593,608	-	6,004,532	-
Quiznos	1,696,062	1,832,509	4,880,624	5,311,837
Sales of vegetables and fruits	422,432	464,351	1,114,400	1,364,227
Juice Time Plus	58,788	-	75,728	-
Total	25,911,067	23,859,186	76,662,975	70,738,998

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11 - Balances and Transactions with related parties and compensation of senior management and senior executives

During the period / year, there were transactions with related parties in the ordinary course of the Group's business and with the approval of management. In the opinion of the management, the terms of these transactions are not materially different from any other transactions entered into by the Group with any third party.

11.1 Due from related party

	September 30, 2024 (unaudited)	December 31, 2023 (audited)
Ajdan Company for Fruits and Vegetables Company (Associate Company)	150,269	150,269
Deduct: Provision 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.

11.2 Compensation for key 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:

Related party	Relationship	Transaction type	September 30, 2024 (unaudited)	September 30, 2023 (unaudited)
Senior management and senior executives	Employees	Salaries and bonuses	898,678	1,125,000
Board of Directors and related committees	Charged with governance	Attendance fees	491,000	488,131

12 - Zakat Status

Food Development Company (parent company): The Company has finalized its zakat status for the years 2017 and 2019. The Company has submitted Zakat declarations and unconsolidated financial statements to the Zakat, Tax and Customs Authority until 2023, 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:

Year	Assessment amount	Paid amount	Remaining amount	Zakat Status
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.
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 the Company's objection to one of the elements of the zakat base was accepted and the objection to the remaining items was rejected 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.

Feddán 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 2023 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.

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13 - Earnings / (Loss) per share

Basic and diluted earnings / (loss) per share is calculated by dividing the net loss for the period by the weighted averagenumber of shares outstanding at the end of the period, as follows:

	<u>September 30, 2024</u> (unaudited)	<u>September 30, 2023</u> (unaudited)
Net profit / (loss) for the period attributable to shareholders of the parent company	2,607,807	(1,881,595)
Weighted average number of outstanding shares at the end of the period	3,000,000	3,000,000
Basic and diluted loss per share from net profit (loss) for the period	<u>0.87</u>	<u>(0.63)</u>

14 - Financial instruments, risk management and fair value financial instruments

The financial instruments included in the interim condensed consolidated statement of financial position mainly include other assets, receivables, cash on hand and at banks, loans & bonds, accounts payable, and other liabilities.

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 ratingsystem. Outstanding receivables are monitored regularly.

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

	<u>September 30, 2024</u> (unaudited)	<u>December 31, 2023</u> (audited)
Account receivables	7,994,686	8,011,975
Provision for expected credit losses	(1,600,343)	(1,214,473)
	<u>6,394,343</u>	<u>6,797,502</u>

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.

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.

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

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 other than loans and bonds.

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:

	<u>Increase/decrease in basis points</u>	<u>Impact on net loss for the period</u>
30 September 2024	+ 100	56,567
	- 100	(56,567)
30 September 2023	+ 100	157,936
	-100	(157,936)

Capital risk

The Group's policy is to maintain a strong capital base to instill confidence in users of the interim condensed 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 period.

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:

	<u>September 30, 2024</u>	<u>December 30, 2023</u>
	(unaudited)	(audited)
Total liabilities	46,730,785	55,818,284
Less: Cash on hand and at banks	(2,286,587)	(2,720,230)
Net	44,444,198	53,098,054
Total equity	27,821,875	25,182,158
Liability to equity	1.60	2.11

The debt-to-equity ratio reached 1.60 times as at September 30, 2024 (December 31, 2023: 2.11 times), and the Group's current liabilities exceeded current assets by SR 8,276,866 (December 31, 2023: SR 13,420,637). The Group's management has prepared a business plan, as well as the expected cashflows for the coming year, as it has sufficient funds to settle its obligations when they fall due, as well as achieve net profits for those years.

Liquidity risk

Liquidity risk represents the Group's difficulties in meeting commitments associated with its financial liabilities. The Group'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.

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

Fair value

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The definition of fair value is based on the presumption that the Group is a going concern and has no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. A financial instrument is considered to be listed in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).

Level 3: Asset, liability or liability inputs that are not based on observable market data (unobservable inputs).

The Group's financial assets consist of cash and bank balances, investment and other receivables, and its financial liabilities consist of trade payables, financial facilities and other liabilities. The Group's management determines policies and procedures for both repeated and one-off fair value measurements.

The classification methodology used in this disclosure is in line with the company's annual consolidated financial statements. There were no transfers between Level 1, Level 2 or Level 3 for the nine-month period ended 30 September 2024. Fair value of financial instruments are not materially different than the carrying values as those are floating rate instruments.

15 - Legal claims

A. The Group (as the claimant) filed lawsuits against several defendants demanding the recovery of outstanding receivables totaling SR 2,353,745. The Group was awarded final judgments in several cases totaling SR 2,097,893 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 made financial contributions to enter as a 55% partner in an existing company. Subsequently, the Group filed a lawsuit against the other partner in the investee company, either to complete the legal procedures and enter the Company as a 55% partner, or to compel the partner in the investee company (the defendant) to refund the funds paid by the Group. The judgment in this case has not been issued until date.

16 – Significant matters during the period and Subsequent events

On January 3, 2024, the Board of Directors recommended increasing the capital of the Group by offering priority rights shares worth SR 90 million. and the company later announced that appointed Yaqeen Financial Company “Yaqeen Capital” to manage it. This increase is subject to the approval of the extraordinary general assembly of shareholders and the relevant official authorities.

During the Board of Directors meeting held on September 29, 2024, it was decided to sell a sub-franchise ‘Quiznos’ and the assets of a subsidiary ‘Feddan Fruit Company for Vegetables and Fruits’. Management believes that it is not probable that the sale of the franchise and the subsidiary within foreseeable future, specifically within the next twelve months. Management believes that there are no significant subsequent events after the reporting date and before issuing of these interim condensed consolidated financial statements that require their amendment or disclosure.

17 - Approval of interim condensed consolidated financial statements

The interim condensed consolidated financial statements were approved by the Board of Directors after the recommendation of the members of the audit committee to approve them on 4 Jumada al-Ula 1446 AH (corresponding to 6 November 2024).