

**DEVELOPMENT WORKS FOOD COMPANY**  
A SAUDI JOINT STOCK COMPANY

CONSOLIDATED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2025

**DEVELOPMENT WORKS FOOD COMPANY**

A SAUDI JOINT STOCK COMPANY

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

---

<b>INDEX</b>	<b>PAGES</b>
- Independent auditor's report	1 - 4
- Consolidated statement of financial position	5
- Consolidated statement of profit or loss and other comprehensive income	6
- Consolidated statement of changes in equity	7
- Consolidated statement of cash flows	8 - 9
- Notes to the consolidated financial statements	10 - 38



## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of Development Works Food Company

A Saudi Joint Stock Company

#### Opinion

We have audited the consolidated financial statements of Development Works Food Company ("the Company") and its subsidiaries (collectively "the Group") which comprise the consolidated statement of financial position as of 31 December 2025, 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 the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

#### Basis for Opinion

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

#### Key Audit Matters

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

The following is a description of each key audit matter and how it was addressed in our audit:

Key audit matters	How our audit addressed the matter
<p><b>Revenue recognition</b></p> <p>The Group's revenue for the year ended 31 December 2025, amounted to 104,214,706. The Group recognizes its revenue at a specific point in time in accordance with the requirements of International Financial Reporting Standard No. (15) Revenue from Contracts with Customers.</p> <p>We considered revenue a key audit matter due to it being a significant item in the consolidated financial statements and represents one of the key indicators that lead to inherent risks related to revenue recognition.</p> <p>Refer to the material accounting policies for the revenue recognition policy included in note (4-23) and note (19) for further details related to revenue.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding and evaluated the design and implementation of the Group's key internal controls related to revenue.</li> <li>• Evaluated the adequacy of the Group's revenue recognition policies and their compliance with International Financial Reporting Standard No. (15).</li> <li>• Reviewed a sample of daily and monthly sales reconciliations prepared by management at the branch level and their consistency with revenue records.</li> <li>• Reviewed a sample of daily cash deposits from each point of sale through bank statements and compared them with the sales recorded in the accounting records.</li> <li>• Reviewed a sample of contracts signed with corporate customers and issued invoices to verify their occurrence and the Group's right to recognize revenue therefrom.</li> <li>• Reviewed a sample of revenue discounts and verified that they were recorded in accordance with the Group's policies and procedures.</li> <li>• Implemented revenue cutoff procedures to ensure revenue was recorded in the correct financial period.</li> <li>• Conducted a detailed analytical review of revenue, including identifying and inquiring about any significant or unexpected trends or fluctuations.</li> <li>• Assessed the adequacy and appropriateness of the disclosures in the consolidated financial statements in accordance with the financial reporting framework.</li> </ul>

**INDEPENDENT AUDITOR’S REPORT (CONTINUED)**

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

**Key Audit Matters (Continued)**

Key audit matters	How our audit addressed the matter
<p><b>Right-of-use assets and lease liabilities</b></p> <p>Right-of-use assets as of 31 December 2025, amounted to ₪ 30,838,262, and lease liabilities as of 31 December 2025, amounted to ₪ 27,850,784, of which ₪ 9,266,106 is due within one year.</p> <p>The measurement of right-of-use assets and lease liabilities was considered a key audit matter due to the complexity and significant judgment involved in determining the appropriate lease term, discount rates, contract modifications, and accounting for asset disposals, in addition to the large number of leases, as separate agreements are entered into for each branch of the Group. This aspect requires significant management judgment, as it can have a material impact on the consolidated financial statements.</p> <p>Refer to the material accounting policies for the right-of-use assets and lease liabilities policy included in note (4-7) and note (8) for further details related to right-of-use assets and lease liabilities.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Tested the completeness of contracts considered as leases under International Financial Reporting Standard No. (16).</li> <li>• Reviewed management's assessment of the discount rate used to discount lease liabilities, as determined by management, to ensure its appropriateness.</li> <li>• Reviewed the accuracy of lease data inputs for a sample of lease contracts included in the calculation of lease liabilities and right-of-use assets.</li> <li>• Recalculated the related interest and depreciation expenses for right-of-use assets and lease liabilities.</li> <li>• Reviewed lease payments with appropriate supporting documentation.</li> <li>• Reviewed management's judgments regarding the appropriateness of extensions or termination options.</li> <li>• Assessed the adequacy and appropriateness of the disclosures in the consolidated financial statements in accordance with the financial reporting framework.</li> </ul>

**Other information**

Other information consists of the information included in the Group's 2025 annual report, other than the consolidated financial statements and our auditor’s report thereon. The Board of Directors is responsible for the other information in the annual report of the Group. The Group's 2025 annual report is expected to be made available to us after the date of this auditor’s report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on our review of the annual report and other information made available to us, we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. Annual report is not yet available for our review.



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

### Responsibilities of the Board of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by SOCPA, and the Companies law and the Company's Bylaws and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, namely the Board of Directors, are responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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



## 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)

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

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

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

Alzoman, Alfahad & Alhajjaj Professional Services

Zaher Abdullh Alhajjaj  
Certified Public Accountant  
License No. (562)



Riyadh, Kingdom of Saudi Arabia

Date: 7 Shawwal 1447H  
Corresponding to: 26 March 2026

**DEVELOPMENT WORKS FOOD COMPANY**  
A SAUDI JOINT STOCK COMPANY  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS OF 31 DECEMBER 2025  
(ALL AMOUNTS IN SAUDI RIYALS "ر.س.")

	Note	31 December 2025	31 December 2024
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	6	23,078,194	24,749,916
Intangible assets	7	466,496	344,884
Right of use assets	8	30,838,262	24,002,658
<b>Total non-current assets</b>		<b>54,382,952</b>	<b>49,097,458</b>
<b>Current assets</b>			
Inventories	9	4,713,763	4,952,083
Prepaid expenses and other assets	10	5,485,560	6,917,534
Accounts receivable	11	4,071,997	5,221,561
Cash and cash equivalents	12	946,988	4,252,746
<b>Total current assets</b>		<b>15,218,308</b>	<b>21,343,924</b>
<b>Total assets</b>		<b>69,601,260</b>	<b>70,441,382</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	1	30,000,000	30,000,000
Statutory reserve	13	-	853,858
Actuarial reserve	15	(383,872)	(334,742)
Accumulated losses		(12,564,570)	(8,248,823)
<b>Equity attributable to shareholders of the parent company</b>		<b>17,051,558</b>	<b>22,270,293</b>
Non-controlling interests	29	(408,696)	-
<b>Total equity</b>		<b>16,642,862</b>	<b>22,270,293</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities – non-current portion	8	18,584,678	12,121,189
Long-term loans and bonds – non-current portion	14	1,250,000	3,000,000
Defined employees' benefit plan liability	15	2,941,852	2,531,746
<b>Total non-current liabilities</b>		<b>22,776,530</b>	<b>17,652,935</b>
<b>Current liabilities</b>			
Lease liabilities – current portion	8	9,266,106	9,407,598
Long-term loans and bonds – current portion	14	3,920,964	6,761,381
Trade payables	16	12,490,887	9,160,852
Accrued expenses and other liabilities	17	4,331,312	4,732,856
Zakat provision	18	172,599	455,467
<b>Total current liabilities</b>		<b>30,181,868</b>	<b>30,518,154</b>
<b>Total liabilities</b>		<b>52,958,398</b>	<b>48,171,089</b>
<b>Total equity and liabilities</b>		<b>69,601,260</b>	<b>70,441,382</b>

Chief Financial Officer  
Fayd Reda Bedir Arafa

Chief Executive Officer  
Hisham Abdulrahman Bin Almogren

Chairman  
Sulaiman Mohammad Abdullah Alghumaiz

**DEVELOPMENT WORKS FOOD COMPANY**

A SAUDI JOINT STOCK COMPANY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ر.س.")

	Note	31 December 2025	31 December 2024
<b>Continuing Operations</b>			
Revenue	19	104,214,706	97,358,918
Cost of revenue	20	(98,195,335)	(90,945,984)
<b>Gross profit</b>		<b>6,019,371</b>	<b>6,412,934</b>
General and administrative expenses	21	(9,474,009)	(7,410,697)
Expected credit loss allowance	11	(793,681)	(385,869)
Impairment loss on prepaid expenses and other assets	10	(2,759,504)	-
Other income	22	4,400,211	3,944,558
<b>Operating (loss) / profit</b>		<b>(2,607,612)</b>	<b>2,560,926</b>
Financing costs	23	(2,925,881)	(2,641,077)
<b>Loss before zakat</b>		<b>(5,533,493)</b>	<b>(80,151)</b>
Zakat	18	(44,808)	(265,577)
<b>Loss for the year from continuing operations</b>		<b>(5,578,301)</b>	<b>(345,728)</b>
<b>Discontinued operations</b>			
Profit for the year from discontinued operations	24	-	1,645,000
<b>(Loss) / profit for the year</b>		<b>(5,578,301)</b>	<b>1,299,272</b>
<b>Allocated to:</b>			
Parent company		(5,169,605)	1,299,272
Non-controlling interests	29	(408,696)	-
		<b>(5,578,301)</b>	<b>1,299,272</b>
<b>Other comprehensive (loss) / income</b>			
(Losses) / gains from remeasurement of defined benefit liability	15	(49,130)	47,611
<b>Total other comprehensive (loss) / income</b>		<b>(49,130)</b>	<b>47,611</b>
<b>Allocated to:</b>			
Parent company		(49,130)	47,611
Non-controlling interests		-	-
		<b>(49,130)</b>	<b>47,611</b>
<b>Total comprehensive (loss) / income for the year</b>		<b>(5,627,431)</b>	<b>1,346,883</b>
<b>Allocated to:</b>			
Parent company		(5,218,735)	1,346,883
Non-controlling interests	29	(408,696)	-
		<b>(5,627,431)</b>	<b>1,346,883</b>
<b>Basic and diluted (loss) / earnings per share</b>			
From continuing operations	25	(1.72)	(0.12)
From discontinued operations	25	-	0.55

Chief Financial Officer  
Fayd Reda Bedir Arafa

Chief Executive Officer  
Hisham Abdulrahman Bin Almogren

Chairman  
Sulaiman Mohammad Abdullah Alghumaiz

The accompanying notes from 1 to 31 form an integral part of these consolidated financial statements.

**DEVELOPMENT WORKS FOOD COMPANY**

A SAUDI JOINT STOCK COMPANY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ﷲ")

Note	Share capital	Statutory reserve	Actuarial reserve	Accumulated losses	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
<b>Balance as of 1 January 2024</b>	30,000,000	723,931	(382,353)	(9,418,168)	20,923,410	226,929	21,150,339
Profit for the year	-	-	-	1,299,272	1,299,272	-	1,299,272
Other comprehensive income	-	-	47,611	-	47,611	-	47,611
<b>Total comprehensive income for the year</b>	-	-	47,611	1,299,272	1,346,883	-	1,346,883
Dividends for non-controlling interests	-	-	-	-	-	(31,930)	(31,930)
Disposal of subsidiary	-	-	-	-	-	(194,999)	(194,999)
Transferred to statutory reserve	13	129,927	-	(129,927)	-	-	-
<b>Balance as of 31 December 2024</b>	30,000,000	853,858	(334,742)	(8,248,823)	22,270,293	-	22,270,293
Loss for the year	-	-	-	(5,169,605)	(5,169,605)	(408,696)	(5,578,301)
Other comprehensive loss	-	-	(49,130)	-	(49,130)	-	(49,130)
<b>Total comprehensive loss for the year</b>	-	-	(49,130)	(5,169,605)	(5,218,735)	(408,696)	(5,627,431)
Transferred from statutory reserve to accumulated losses	13	(853,858)	-	853,858	-	-	-
<b>Balance as of 31 December 2025</b>	<b>30,000,000</b>	<b>-</b>	<b>(383,872)</b>	<b>(12,564,570)</b>	<b>17,051,558</b>	<b>(408,696)</b>	<b>16,642,862</b>

Chief Financial Officer  
Fayd Reda Bedir Arafa

Chief Executive Officer  
Hisham Abdulrahman Bin Almogren

Chairman  
Sulaiman Mohammad Abdullah Alghumaiz

The accompanying notes from 1 to 31 form an integral part of these consolidated financial statements.

**DEVELOPMENT WORKS FOOD COMPANY**

A SAUDI JOINT STOCK COMPANY

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ر.س.")

	Note	31 December 2025	31 December 2024
<b>Cash flows from operating activities</b>			
Loss before zakat from continuing operations		(5,533,493)	(80,151)
Profit before zakat from discontinued operations		-	1,645,000
		<b>(5,533,493)</b>	<b>1,564,849</b>
<b>Adjustments:</b>			
Depreciation of property and equipment	6	6,416,049	6,656,558
Gains on sale of property and equipment	22	(58,086)	(5,978)
Amortization of intangible assets	7	113,138	93,141
Depreciation for right of use assets	8	12,526,585	12,163,037
Losses / (gains) on disposal of leases	22	10,944	(97,715)
Expected credit losses allowance	11	793,681	385,869
Impairment loss on prepaid expenses and other assets	10	2,759,504	
Impairment of capital works under construction	6	-	201,403
Defined employees' benefit plan liability provision	15	608,135	727,776
Financing costs	23	2,925,881	2,649,027
		<b>20,562,338</b>	<b>24,337,967</b>
<b>Changes in:</b>			
Inventories		238,320	277,502
Prepaid expenses and other assets		(1,327,530)	(149,001)
Accounts receivable		355,883	1,229,511
Trade payables		379,621	(4,289,390)
Accrued expenses and other liabilities		(1,328,285)	(2,273,083)
		<b>18,880,347</b>	<b>19,133,506</b>
Defined employees' benefit plan liability paid	15	(363,255)	(531,363)
Zakat paid	18	(327,676)	(31,713)
<b>Net cash generated from operating activities</b>		<b>18,189,416</b>	<b>18,570,430</b>
<b>Cash flows from Investing activities</b>			
Additions to property and equipment	6	(4,852,154)	(2,311,130)
Proceeds from the sale of property and equipment		165,913	7,044
Additions to intangible assets	7	(234,750)	-
<b>Net cash used in Investing activities</b>		<b>(4,920,991)</b>	<b>(2,304,086)</b>
<b>Cash flows from financing activities</b>			
Proceeds from loans and bonds	14	5,385,121	8,289,819
Repayments loans and bonds	14	(9,975,538)	(10,426,295)
Payment of leases liabilities	8	(11,983,766)	(12,565,422)
Payment of dividends to non-controlling interests		-	(31,930)
<b>Net cash used in financing activities</b>		<b>(16,574,183)</b>	<b>(14,733,828)</b>
<b>Net change in cash and cash equivalents</b>		<b>(3,305,758)</b>	<b>1,532,516</b>
Cash and cash equivalent at the beginning of the year		4,252,746	2,720,230
<b>Cash and cash equivalents at the end of the year</b>	12	<b>946,988</b>	<b>4,252,746</b>

Chief Financial Officer  
Fayd Reda Bedir Arafa

Chief Executive Officer  
Hisham Abdulrahman Bin Al Mogren

Chairman  
Sulaiman Mohammad Abdullah Alghumaiz

The accompanying notes from 1 to 31 form an integral part of these consolidated financial statements.

**DEVELOPMENT WORKS FOOD COMPANY**

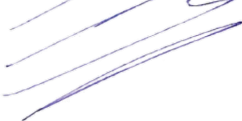
A SAUDI JOINT STOCK COMPANY

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ﷲ")

	<u>Note</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
<b>Non-cash transactions:</b>			
Additions and modification of lease liabilities and right-of-use assets	8	<b>(20,036,638)</b>	(2,619,826)
Transfer from lease liabilities to trade payables	8	<b>(2,950,414)</b>	(1,205,550)
Disposal of lease liabilities	8	<b>663,505</b>	2,489,941
Transfer from Statutory reserve to retained earnings	13	<b>(853,858)</b>	-
Remeasurement of defined employees' benefit plan liability	15	<b>(49,130)</b>	47,611
Transfer from capital works under construction to property and equipment		-	(1,405,878)
Transferred from capital works under construction to intangible assets		-	(285,108)
Subsidiary disposal		-	2,100,000

Chief Financial Officer  
Fayd Reda Bedir ArafaChief Executive Officer  
Hisham Abdulrahman Bin AlmogrenChairman  
Sulaiman Mohammad Abdullah Alghumaiz

## DEVELOPMENT WORKS FOOD COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ﷲ")

### 1. Organization and Activities

- A- Development Works Food Company ("the Company", "the Parent 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 ﷲ 30,000,000 with 3,000,000 shares of ﷲ 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 subsidiaries "the Group" which are engaged in business activities, as outlined below:

Subsidiary Name	Country of Incorporation	Commercial Registration Number	Date of Commercial Registration	Ownership%	
				2025	2024
Development Works Contracting Company *	Saudi Arabia	1010947344	12 March 2018	100%	100%
Daerat Al-Imtiaz for Restaurants Company**	Saudi Arabia	1009089777	26 August 2024	100%	100%
Business Street Trading Company***	Saudi Arabia	1009214048	17 March 2025	82%	-

\* 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 Daera Al-Imtiaz for Restaurants Company is restaurant and mobile food services.

Development Works Contracting Company, and Daera Al-Imtiaz for Restaurants Company have not engaged in any commercial activities since their inception until the date of preparing these consolidated financial statements.

\*\*\* The main activity of Business Street Trading Company is restaurants with service - buffets (cafeterias) - fast food shops (including pizza shops) - food service activities only (eat the meal out) - mobile ice cream truck - mobile food truck - fine dining restaurants - fish and seafood grill shops - meat grill shops.

Development Works Food Company established Business Street Trading Company during the year ended 31 December 2025.

The Company and its subsidiaries fiscal year begins on 1 January and ends on 31 December of each calendar year.

### 2. Basis of preparing consolidated financial statements

#### 2-1 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 that are the Issued by the Saudi Organization for Chartered and Professional Accountants.

#### 2-2 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 policies (note 4).

#### 2-3 Functional and presentation currency

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

## DEVELOPMENT WORKS FOOD COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ﷲ")

---

### 3. Basis of consolidation

The consolidated financial statements include the Development Works Food Company and its subsidiaries ("the Group") as detailed in Note No. 1. Control is achieved when the Group is exposed to, or has rights to, returns from its involvement with the investee (subsidiary) and has the ability to affect those returns through its power over the investee (subsidiary). The Group is deemed to control an investee (subsidiary) 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. The consolidation process of a subsidiary begins when the Group gains control over the subsidiary and ceases when the Group loses control of the subsidiary. The assets, liabilities, revenues, and expenses of a subsidiary acquired or disposed of during the period are included in the financial statements from the date the Group gains control of the subsidiary until the date the Group ceases to control the subsidiary.

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 parent 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.

Changes in the Group's equity in existing subsidiaries

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 Company.

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.

Non-controlling interests

Non-controlling interests in the net assets of a subsidiary are recognized separately from the Group's interest in those net assets. Non-controlling interests consist of the amounts of those interests recognized at the date of the primary business combination plus their share of changes in equity in the subsidiary that occur after the acquisition date.

### 4. Material Accounting Policies

The Group has applied the following accounting policies consistently to all years presented in these consolidated financial statements, unless otherwise stated.

#### 4-1 New Standards, Amendments to Standards, and Interpretations

The following are new standards, amendments, and updates to existing standards issued by the International Accounting Standards Board (IASB) that became effective as of 1 January 2025 and have been adopted by the Group, as appropriate:

## DEVELOPMENT WORKS FOOD COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ﷲ")

### 4. Material Accounting Policies (Continued)

#### A- New standards and amendments to standards and interpretations

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Lack of Exchangeability (Amendments to IAS 21)
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information
- IFRS S2 Climate-related Disclosures

The application of the amended standards and interpretations applicable to the Group did not have any material impact on these consolidated financial statements.

#### B- Issued standards but not yet been applied

<b>Standards / Amendments</b>	<b>Effective for periods beginning on or after the following date:</b>
IFRS 18 Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	1 January 2026

The Development Works Food Company has not early adopted any new accounting standards, interpretations or amendments that have been issued, but are not yet effective.

#### 4-2 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.

#### 4-3 Property and equipment

Property and equipment are stated at cost less any accumulated depreciation and accumulated impairment losses. Land is not depreciated. Cost includes all expenditures directly incurred in bringing property and equipment to their present location and condition and bringing them ready for their intended use. The Group periodically reviews and reassesses the estimated future useful life and residual value and may change or adjust the useful life and depreciation rates accordingly. Repairs and maintenance are expensed, while improvements are capitalized. Depreciation is calculated over the estimated useful life using the straight-line method.

## DEVELOPMENT WORKS FOOD COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ﷲ")

### 4. Material Accounting Policies (Continued)

#### 4-3 Property 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 practical depreciation rates for this property and equipment are as follows:

<u>Description</u>	<u>Depreciation rate</u>
Leasehold improvement	10% or the lease period, which is lower
Buildings	10%
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 and equipment, the impairment of such property 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 other revenue in the consolidated statement of profit or loss and other comprehensive income.

#### 4-4 Impairment of non-current assets

At the date of each report, the Group conducts an assessment to ensure the existence of evidence indicating the impairment of an asset. If such evidence exists, or when it is necessary to perform an annual test to verify the existence of impairment, the Group estimates the recoverable amount of the assets, which represents the higher of the fair value of the assets or cash-generating unit less selling costs and the present value. This estimation is made for individual assets unless the assets generate cash inflows that are largely independent of other assets or groups of assets. If the carrying amount of the assets or cash-generating unit exceeds it is recoverable amount, the assets or cash-generating unit are considered impaired and are written down to their recoverable amount.

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.

#### 4-5 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.

## DEVELOPMENT WORKS FOOD COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ﷲ")

---

### 4. Material Accounting Policies (Continued)

#### 4-5 Intangible assets (Continued)

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 of 5 years.

#### 4-6 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 and equipment when it is completed and available for the purpose for which it was acquired.

#### 4-7 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.

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".

## DEVELOPMENT WORKS FOOD COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ﷲ")

---

### 4. Material Accounting policies (Continued)

#### 4-8 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 and other comprehensive income as part of general and administrative expenses.

#### 4-9 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.

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.

#### 4-10 Financial instruments

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument.

At initial recognition, the Group measures the financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

##### Financial Assets

IFRS 9 requires all financial assets to be classified and subsequently measured either at amortized cost or at fair value. The classification depends on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, which are determined at the time of initial recognition. Financial assets are classified into the following categories under IFRS 9:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (with recycling to profit or loss).
- Equity instruments at fair value through other comprehensive income (without recycling to profit or loss)
- At fair value through profit or loss

##### (a) Financial assets at amortized cost

Subsequent measurement of debt instruments at amortized cost, net of impairment losses, is applied if both of the following conditions are met (except for those instruments designated at fair value through profit or loss upon initial recognition):

1. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
2. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If a financial asset does not meet both of these conditions, it is measured at fair value.

The Group performs a business model assessment at the portfolio level, as this best reflects the way the business is managed and information is provided to management.

When assessing whether a financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows, the Group considers:

- The Group's stated policies and objectives for the portfolio and the operation of those policies in practice;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, how those risks are managed;
- How the performance of the portfolio is evaluated by the Group's management;
- Whether the management's strategy focuses on earning contractual interest income;
- The frequency, timing, and reasons for asset sales; and
- Whether the assets sold are held for an extended period relative to their contractual maturity or are sold shortly after acquisition or long before maturity.

## DEVELOPMENT WORKS FOOD COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ﷲ")

---

### 4. Material Accounting policies (Continued)

#### 4-10 Financial instruments (Continued)

When assessing whether contractual cash flows are solely payments of principal and interest, the Group examines the contractual terms of the instrument. This includes evaluating whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows in such a way that it would not meet this condition.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and is recognized in profit or loss.

Debt instruments measured at amortized cost are subject to impairment testing.

#### Impairment of Financial Assets

The Group recognizes a loss allowance for expected credit losses (ECL) on debt instruments measured at amortized cost or at fair value through other comprehensive income (such as lease receivables, trade receivables, loan commitments, and financial guarantee contracts).

No impairment losses are recognized for investments in equity instruments.

The amount of expected credit losses reflects changes in credit risk since initial recognition of the financial instrument.

The Group applies the simplified approach to measuring impairment for trade receivables, using lifetime expected credit losses based on estimated future cash flows. Expected credit losses on financial assets are estimated using a provision matrix based on historical credit loss experience, adjusted for debtor-specific factors, general economic conditions, and an assessment of current and forecast conditions as at the reporting date, including the time value of money when appropriate.

For all other financial instruments, the Group applies the general approach for measuring expected credit losses. Lifetime expected credit losses are recognized when there has been a significant increase in credit

risk since initial recognition. Otherwise, a 12-month expected credit loss is recognized.

Determining whether credit risk has significantly increased requires an assessment of changes in the risk of default over the expected life of the financial instrument.

#### Measurement and Estimation of Expected Credit Losses

The measurement of expected credit losses is a function of the probability of default (PD), loss given default (LGD), and exposure at default (EAD). The assessment of PD is based on historical data adjusted by forward-looking information as described above.

For financial assets, the default is represented by the gross carrying amount of the asset at the reporting date. For off-balance sheet exposures, the EAD is determined by applying a credit conversion factor to the undrawn portion of the exposure.

When measuring lifetime expected credit losses in cases where significant increases in credit risk may not be evident at the individual instrument level, financial instruments are grouped based on:

- The nature of the financial instruments (i.e., trade receivables, other receivables, finance lease receivables, and amounts due from customers as separate groups. For related party loans, expected credit losses are assessed individually);
- Historical default patterns;
- The nature and size of the debtors' industry sectors; and
- External credit ratings, where available.

The Group recognizes impairment gains or losses in the consolidated statement of profit or loss for all financial instruments, with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments measured at fair value through other comprehensive income. For these, the loss allowance is recognized in the consolidated statement of profit or loss and other comprehensive income, within an impairment reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

#### Derecognition of Financial Assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset along with all risks and rewards of ownership to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and retains control of the transferred asset, the Group continues to recognize the portion it retains and the associated liabilities to the extent of its continuing involvement.

If the Group retains all risks and rewards of ownership of the transferred asset, the Group continues to recognize the financial asset and also recognizes a secured borrowing for the proceeds received.

## DEVELOPMENT WORKS FOOD COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ر.س.")

---

### 4. Material Accounting policies (Continued)

#### 4-10 Financial instruments (Continued)

##### Financial liabilities

Financial liabilities are classified and measured at amortized cost using the effective interest method.

For financial liabilities designated at fair value through profit or loss, the amount of the change in fair value attributable to changes in the liability's credit risk is recognized in other comprehensive income unless doing so would create or enlarge an accounting mismatch in profit or loss.

Changes in fair value attributable to credit risk are not subsequently reclassified to profit or loss.

The credit risk reserve for liabilities includes the cumulative changes in fair value attributable to changes in the credit risk of those liabilities that do not result in or widen an accounting mismatch in profit or loss.

Amounts recognized in the credit reserve for such liabilities are not reclassified to profit or loss upon derecognition, but are instead transferred to retained earnings.

##### Derecognition of Financial liabilities

The Group derecognizes financial liabilities only when the obligations are discharged, cancelled, or have expired.

#### 4-11 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.

#### 4-12 Cash and cash equivalent

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

#### 4-13 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.

#### 4-14 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.

#### 4-15 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.

## DEVELOPMENT WORKS FOOD COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ﷲ")

---

### 4. Material Accounting policies (Continued)

#### 4-16 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.

#### 4-17 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.

#### 4-18 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.

#### 4-19 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.

#### 4-20 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.

#### 4-21 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.

#### 4-22 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, according to the company's financial position and its cash flows, and the corresponding amount is deducted directly from equity.

## DEVELOPMENT WORKS FOOD COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ﷲ")

---

### 4. Material Accounting policies (Continued)

#### 4-23 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.

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.

#### 4-24 Other revenue

Other income is recognized when earned; this includes sublease income, which is recognized as income on a straight-line basis over the lease term, or based on its accrual over time in accordance with the contractual terms.

#### 4-25 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.

#### 4-26 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.

#### 4-27 Earnings per share

Basic and diluted earnings per share is calculated by dividing the profit for the year by the weighted average number of shares outstanding at the end of the year.

When the Company has discontinued operations, basic and diluted earnings per share are presented separately for profit or loss from continuing operations, and profit or loss from discontinued operations. The amounts used in the determination of earnings per share are based on the profit or loss attributable to shareholders after taking into account the results of discontinued operations.

## DEVELOPMENT WORKS FOOD COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ﷲ")

---

### 4. Material Accounting policies (Continued)

#### 4-28 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.

##### 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.

All revenues from the Group's activities are made within the Kingdom of Saudi Arabia.

#### 4-29 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.

#### 4-30 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.

#### 4-31 Discontinued operation

A discontinued operation is a component of an entity that has been disposed of or is classified as held for sale and represents a major line of business or geographical area under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Assets are classified as held for sale when sale is highly probable and measured at the lower of carrying amount and fair value less costs to sell, with depreciation ceasing.

The results are presented separately in profit or loss as a single post-tax amount, and comparatives are restated.

### 5. Use of assumptions, estimates and judgments

The preparation of the consolidated financial statements in accordance with the International Financial Reporting Standards that are 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.

#### Uncertain Assumptions and estimates

##### 5-1 Going Concern

The Group's current liabilities exceeded its current assets as of 31 December 2025 by ﷲ 14,963,560 (2024: ﷲ 9,174,230).

Management has prepared estimated budget for the coming years and is confident that the Group will generate increased profits, positive operating cash flows, and have access to sufficient financial resources to continue its operations in the foreseeable future.

Accordingly, management has no material uncertainty regarding the Group's ability to continue as a going concern. Therefore, the consolidated financial statements have been prepared on a going concern basis.

## DEVELOPMENT WORKS FOOD COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ﷲ")

---

### 5. Use of assumptions, estimates and judgments (Continued)

#### Uncertain Assumptions and estimates (Continued)

##### 5-2 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 and other comprehensive income.

##### 5-3 Useful Lives and Residual Values of Property, Plant, and Equipment

The Group reviews the estimated useful lives and residual values of property, plant, and equipment at least annually. In particular, it considers the impact of health, environmental, and safety legislation when assessing expected useful lives and residual values. Furthermore, the Group takes into account climate-related matters, including physical and transition risks. For instance, the Group determines whether climate legislation or regulations may affect useful lives or residual values, such as the imposition of bans or restrictions on the use of fossil-fuel-powered machinery and equipment, or additional energy efficiency requirements for its buildings and office properties.

##### 5-4 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.

##### 5-5 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.

##### 5-6 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.

##### 5-7 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.

##### 5-8 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.

**DEVELOPMENT WORKS FOOD COMPANY**

A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ﷲ")

---

**5. Use of assumptions, estimates and judgments (Continued)****Uncertain Assumptions and estimates (Continued)****5-9 Zakat**

Management has assessed the Zakat position in light of the regulations issued by the Zakat, Tax and Customs Authority, as well as the circulars issued periodically.

The interpretation of these circulars and regulations is often unclear and requires the Zakat, Tax and Customs Authority to finalize the assessments.

**DEVELOPMENT WORKS FOOD COMPANY**

A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ﷲ")

**6. Property and equipment**

<b>2025</b>	<b>Building</b>	<b>Leasehold improvements</b>	<b>Furniture and fixtures</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Computers</b>	<b>Capital works under construction</b>	<b>Total</b>
<b>Cost</b>								
Balance, beginning of the year	12,964,352	5,977,372	38,374,157	12,681,252	3,811,297	1,546,308	35,796	75,390,534
Additions	-	479,632	2,234,507	232,878	425,858	96,218	1,383,061	4,852,154
Transferred from capital work under construction	-	92,434	1,208,960	86,187	-	31,276	(1,418,857)	-
Disposals	-	(175,152)	(495,207)	(387,508)	(487,772)	(27,908)	-	(1,573,547)
<b>Balance, end of the year</b>	<b>12,964,352</b>	<b>6,374,286</b>	<b>41,322,417</b>	<b>12,612,809</b>	<b>3,749,383</b>	<b>1,645,894</b>	<b>-</b>	<b>78,669,141</b>
<b>Accumulated depreciation</b>								
Balance, beginning of the year	7,722,606	4,606,443	25,190,214	8,727,691	3,059,407	1,334,257	-	50,640,618
Charge for the year	930,835	888,250	3,006,913	1,101,166	374,426	114,459	-	6,416,049
Disposals	-	(107,769)	(477,877)	(386,331)	(465,835)	(27,908)	-	(1,465,720)
<b>Balance, end of the year</b>	<b>8,653,441</b>	<b>5,386,924</b>	<b>27,719,250</b>	<b>9,442,526</b>	<b>2,967,998</b>	<b>1,420,808</b>	<b>-</b>	<b>55,590,947</b>
<b>Net book value</b>	<b>4,310,911</b>	<b>987,362</b>	<b>13,603,167</b>	<b>3,170,283</b>	<b>781,385</b>	<b>225,086</b>	<b>-</b>	<b>23,078,194</b>

A- The cost of fully depreciated property and equipment still in use amounted to ﷲ 13,186,837 as of 31 December 2025 (2024: ﷲ 8,954,142).

B- The leasehold improvements, amounting to ﷲ 6,374,286 as of 31 December 2025 (2024: ﷲ 5,977,372) were made on branches & warehouses rented under lease contracts (Note 8).

Depreciation expense of property and equipment is allocated as follows:

	<b>Notes</b>	<b>31 December 2025</b>	<b>31 December 2024</b>
Cost of revenue	20	<b>5,943,689</b>	6,072,351
General and administration expenses	21	<b>472,360</b>	474,873
		<b>6,416,049</b>	6,547,224
Discontinued operations	24	-	109,334
		<b>6,416,049</b>	6,656,558

**DEVELOPMENT WORKS FOOD COMPANY**

A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ﷲ")

**6. Property and equipment (Continued)**

<b>2024</b>	<b>Building</b>	<b>Leasehold improvements</b>	<b>Furniture and fixtures</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Computers</b>	<b>Capital works under construction</b>	<b>Total</b>
<b>Cost</b>								
Balance, beginning of the year	11,917,929	5,770,763	36,810,993	13,526,670	4,564,968	1,518,890	1,416,492	75,526,705
Additions	-	297,609	1,285,310	173,723	-	42,795	511,693	2,311,130
Transferred from capital work under construction	1,046,423	-	339,380	16,738	-	3,337	(1,405,878)	-
Transferred from capital work to intangible assets	-	-	-	-	-	-	(285,108)	(285,108)
Impairment of capital work in progress	-	-	-	-	-	-	(201,403)	(201,403)
Disposals of subsidiary	-	(91,000)	(9,768)	(1,035,879)	(753,671)	(18,714)	-	(1,909,032)
Disposal	-	-	(51,758)	-	-	-	-	(51,758)
<b>Balance, end of the year</b>	<b>12,964,352</b>	<b>5,977,372</b>	<b>38,374,157</b>	<b>12,681,252</b>	<b>3,811,297</b>	<b>1,546,308</b>	<b>35,796</b>	<b>75,390,534</b>
<b>Accumulated depreciation</b>								
Balance, beginning of the year	6,870,242	3,702,175	22,258,227	8,556,932	2,989,906	1,209,978	-	45,587,460
Charge for the year	852,364	952,268	2,988,112	1,206,636	515,112	142,066	-	6,656,558
Disposals of subsidiary	-	(48,000)	(5,433)	(1,035,877)	(445,611)	(17,787)	-	(1,552,708)
Disposal	-	-	(50,692)	-	-	-	-	(50,692)
<b>Balance, end of the year</b>	<b>7,722,606</b>	<b>4,606,443</b>	<b>25,190,214</b>	<b>8,727,691</b>	<b>3,059,407</b>	<b>1,334,257</b>	<b>-</b>	<b>50,640,618</b>
<b>Net book value</b>	<b>5,241,746</b>	<b>1,370,929</b>	<b>13,183,943</b>	<b>3,953,561</b>	<b>751,890</b>	<b>212,051</b>	<b>35,796</b>	<b>24,749,916</b>

**DEVELOPMENT WORKS FOOD COMPANY**

A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ﷲ")

**7. Intangible assets**

	Note	<u>31 December 2025</u>	<u>31 December 2024</u>
<b>Cost</b>			
Balance, beginning of the year		<b>828,327</b>	543,219
Additions		<b>234,750</b>	285,108
<b>Balance, ending of the year</b>		<b><u>1,063,077</u></b>	<u>828,327</u>
<b>Accumulated amortization</b>			
Balance, beginning of the year		<b>483,443</b>	390,302
Charge for the year	21	<b>113,138</b>	93,141
<b>Balance, ending of the year</b>		<b><u>596,581</u></b>	<u>483,443</u>
<b>Net book value</b>		<b><u>466,496</u></b>	<u>344,884</u>

**8. Leases**

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

	Note	<u>31 December 2025</u>	<u>31 December 2024</u>
<b>Cost</b>			
Balance, beginning of the year		<b>47,062,041</b>	51,802,600
Additions		<b>13,141,414</b>	2,619,826
Disposals		<b>(10,296,261)</b>	(6,885,276)
Disposal of subsidiary		-	(475,109)
Remeasurement of right-of-use assets resulting from modifications to existing lease agreements*		<b>6,895,224</b>	-
<b>Balance, ending of the year</b>		<b><u>56,802,418</u></b>	<u>47,062,041</u>
<b>Accumulated depreciation</b>			
Balance, beginning of the year		<b>23,059,383</b>	15,773,821
Charge for the year		<b>12,526,585</b>	12,163,037
Disposals		<b>(9,621,812)</b>	(4,493,050)
Disposal of subsidiary		-	(384,425)
<b>Balance, ending of the year</b>		<b><u>25,964,156</u></b>	<u>23,059,383</u>
<b>Net book value</b>		<b><u>30,838,262</u></b>	<u>24,002,658</u>

Right-of-use assets primarily consist of lease contracts for (showrooms and operational branches) used for the Group's activities. These assets are depreciated over the lease term or the useful life of the asset, whichever is shorter. The average contractual period for these branches is three years.

B- Depreciation of right-of-use assets allocated as follows:

	Note	<u>31 December 2025</u>	<u>31 December 2024</u>
Cost of revenue	20/1	<b>12,526,585</b>	12,004,236
Discontinued operations	24	-	158,801
		<b><u>12,526,585</u></b>	<u>12,163,037</u>

\* The modifications presented in the cost table represent the remeasurement of right-of-use assets resulting from modifications to existing lease agreements and include changes in the scope of the contracts, extensions of lease terms, and revisions to lease payment indices.

**DEVELOPMENT WORKS FOOD COMPANY**

A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ﷲ")

**8. Leases (Continued)**

C- Following is the movement of the lease liabilities:

	Note	<b>31 December 2025</b>	31 December 2024
Balance, beginning of the year		<b>21,528,787</b>	33,212,220
Additions		<b>13,141,414</b>	2,619,826
Interest cost	23	<b>1,883,044</b>	2,023,340
Remeasurement of right-of-use assets resulting from modifications to existing lease agreements		<b>6,895,224</b>	-
Disposals		<b>(663,505)</b>	(2,489,941)
Disposal of subsidiary		-	(65,686)
Paid during the year		<b>(11,983,766)</b>	(12,565,422)
Transfer to trade payables		<b>(2,950,414)</b>	(1,205,550)
<b>Balance, ending of the year</b>		<b>27,850,784</b>	21,528,787
<b>Non-current portion</b>		<b>18,584,678</b>	12,121,189
<b>Current portion</b>		<b>9,266,106</b>	9,407,598

**9. Inventory**

	<b>31 December 2025</b>	31 December 2024
Packaging materials and operating supplies	<b>2,691,646</b>	2,837,176
Stock of vegetables, fruits and frozen food items	<b>2,022,117</b>	2,114,907
	<b>4,713,763</b>	4,952,083

**10. Prepaid expenses and other assets**

	Note	<b>31 December 2025</b>	31 December 2024
Advance payments to suppliers*		<b>3,870,406</b>	4,090,528
Capital increase expenses**		<b>2,014,222</b>	1,286,250
Government expenses paid in advance		<b>1,021,250</b>	870,092
Employees receivables		<b>460,584</b>	515,839
Prepaid insurance		<b>688,046</b>	510,386
VAT		<b>577,320</b>	-
Refundable deposit		<b>257,353</b>	261,543
Others		<b>203,317</b>	230,330
		<b>9,092,498</b>	7,764,968
Less: Provision for an impairment in Prepaid expenses and other assets	10-1	<b>(3,606,938)</b>	(847,434)
		<b>5,485,560</b>	6,917,534

10-1 The following is the movement in the provision for impairment of prepaid expenses and other assets

	<b>31 December 2025</b>	31 December 2024
Balance as of 1 January 2025	<b>(847,434)</b>	(847,434)
Addition during the year*	<b>(2,759,504)</b>	-
Balance as of 31 December 2025	<b>(3,606,938)</b>	(847,434)

\* The item Advance Payments to Suppliers includes amounts paid as a down payment for acquiring a 55% stake in an existing company. Due to the non-completion of the necessary procedures, the company filed lawsuits against the invested partner (the defendant). Although the company has received court judgments totaling ﷲ 2,187,000, and additional lawsuits are pending for ﷲ 614,575, management, acting prudently and based on its current assessment of the actual recovery potential from the defendant's financial obligations, has decided to create a provision of 100% against the entire outstanding balance of ﷲ 2,759,504 as of 31 December 2025. This assessment will be reviewed periodically based on any material developments in the enforcement and collection proceedings.

\*\* These amounts represent payments for consultancy fees related to the increase in capital through rights issues, which will be deducted from the proceeds of the offering in due course.

**DEVELOPMENT WORKS FOOD COMPANY**

A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ﷲ")

**11. Accounts receivable**

	Note	31 December 2025	31 December 2024
Accounts receivables	11 – 1	<b>6,426,581</b>	6,782,464
Expected credit losses allowance	11 – 2	<b>(2,354,584)</b>	(1,560,903)
		<b>4,071,997</b>	5,221,561

11-1 The following is the aging for accounts receivable:

	31 December 2025	31 December 2024
0 – 90 Days	<b>3,415,371</b>	3,114,669
91 – 180 Days	<b>562,471</b>	851,048
181 – 270 Days	<b>135,256</b>	397,896
271 – 365 Days	<b>166,608</b>	708,899
More than 365 days	<b>2,146,875</b>	1,709,952
<b>Total</b>	<b>6,426,581</b>	6,782,464

11-2 The following is the movement for expected credit losses allowance:

	Note	31 December 2025	31 December 2024
Balance, beginning of the year		<b>1,560,903</b>	1,214,473
Charge during the year		<b>793,681</b>	385,869
Disposal of subsidiary		-	(39,439)
<b>Balance, ending of the year</b>	11 – 3	<b>2,354,584</b>	1,560,903

11-3 The analysis of the provision for expected credit losses is as follows:

Range	31 December 2025			31 December 2024		
	ECL rate	Book balance	ECL	ECL rate	Book balance	ECL
0 – 90 Days	<b>3.80%</b>	<b>3,415,371</b>	<b>129,824</b>	0.51%	3,114,669	15,885
91 – 180 Days	<b>4.08%</b>	<b>562,471</b>	<b>22,934</b>	1.28%	851,048	10,893
181 – 270 Days	<b>25.47%</b>	<b>135,256</b>	<b>34,451</b>	5.90%	397,896	23,476
271 – 365 Days	<b>25.19%</b>	<b>166,608</b>	<b>41,969</b>	10%	708,899	70,890
More than 365 days	<b>98.90%</b>	<b>2,146,875</b>	<b>2,125,406</b>	84%	1,709,952	1,439,759
<b>Total</b>		<b>6,426,581</b>	<b>2,354,584</b>		6,782,464	1,560,903

**12. Cash and cash equivalents**

	31 December 2025	31 December 2024
Cash at Banks	<b>741,858</b>	4,056,646
Cash on hand	<b>205,130</b>	196,100
	<b>946,988</b>	4,252,746

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.

**13. 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.

The balance of the statutory reserve amounted to ﷲ 853,858 as of 31 December 2024.

On 20 October 2025, the Extraordinary General Assembly approved the transfer of the full balance of the statutory reserve to accumulated losses. Accordingly, there was no balance in the statutory reserve as of 31 December 2025.

## DEVELOPMENT WORKS FOOD COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ﷲ")

### 13. Statutory reserve (Continued)

The movement during the year was as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance at the beginning of the year	853,858	723,931
Additions during the year	-	129,927
Transferred to accumulated losses	<u>(853,858)</u>	-
<b>Balance at the end of the year</b>	<u>-</u>	<u>853,858</u>

### 14. Long term loans and face bonds

- A- During 2022, the Group entered into a Murabaha Sukuk Program agreement through a local financial company to issue Murabaha Sukuks to finance the Group's working capital and capital expansions for a total amount of ﷲ 20,000,000. The total nominal value of the outstanding issuances within one year shall not exceed ﷲ 10,000,000, with each issuance amounting to ﷲ 5,000,000. During 2023, the Group obtained issuances worth ﷲ 6,000,000 (6,000 Sukuks, nominal value of ﷲ 1,000) at profit margin rates ranging from 7.41% to 8%, payable quarterly for a period of one year from the issuance date. The Group also provided a promissory note payable on sight for ﷲ 6,474,100. During 2024, the Group obtained an issue of ﷲ 2,000,000 (2,000 Sukuk, par value ﷲ 1,000) with a profit margin of 8% per annum, payable quarterly for a period of two years from the date of issuance. The Group also provided a promissory note payable on sight for ﷲ 2,320,000. During the fourth quarter of 2024, the Group obtained an issue of ﷲ 4,000,000 (4,000 Sukuk, par value ﷲ 1,000) with a profit margin of 8.3% per annum, payable semi-annually for a period of three years from the date of issuance. The Group also provided a promissory note payable on sight for ﷲ 3,410,000. The Group has utilized from the Murabaha financing facilities an amount of ﷲ 4,385,121 as of 31 December 2025 (31 December 2024, ﷲ 2,289,820), the outstanding balance as of 31 December 2025 amounted ﷲ 1,170,964 (31 December 2024, ﷲ 4,511,381).
- B- In 2018, the Group entered into a loan agreement with Al Rajhi Bank for ﷲ 13 million (10 million Saudi Riyals at a profit margin of 3% plus the SIBOR rate payable over 60 months, extended for additional one year, 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, the loan repaid on 11 November 2025.
- C- In 2019, the Group entered into a loan agreement with Al Rajhi Bank for ﷲ 10 million (7 million Saudi Riyals at a profit margin of 3.5% plus the SIBOR rate payable over 60 months, extended for additional one year 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. The loan repaid on 9 November 2025.
- D- Sukuk Development Entity: The Sukuk Development Entity "the Entity" was established as a Special Purpose Entity, with its Articles of Association approved on 10 January 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, the Company has utilized from SUKUK an amount of ﷲ 1,000,000 during 2025 (31 December 2024, ﷲ 6,000,000), and the outstanding balance as of 31 December 2025 amounted to ﷲ 4,000,000 (31 December 2024, ﷲ 5,250,000).
- E- During 2024, the Group entered into a bank facility agreement in the form of a loan with Al Rajhi Bank for an amount of ﷲ 2 million, with a profit margin of 3.5% plus SIBOR, repayable over a period of three months, to finance the Group's operating activities. This loan is secured by a guarantee of payment and performance from the Group's major shareholders and a third party, and is subject to compliance with other terms, conditions, ratios, and financial commitments. It was renewed on August 18, 2025, against a promissory note from the parent company.

**DEVELOPMENT WORKS FOOD COMPANY**

A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ﷲ")

**14. Long term loans and face bonds (Continued)**

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

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance, beginning of the year	9,761,381	11,897,857
Additions during the year	5,385,121	8,289,819
Paid during the year	(9,975,538)	(10,426,295)
<b>Balance Ending of the year</b>	<u>5,170,964</u>	<u>9,761,381</u>
<b>Non-current portion</b>	<b>1,250,000</b>	3,000,000
<b>Current portion</b>	<u>3,920,964</u>	<u>6,761,381</u>
	<u>5,170,964</u>	<u>9,761,381</u>

**15. 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:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Discount rate	%5.50	4.94%
Salary increase rate	%3.92	2%
Staff turnover rate	Average	Average
Retirement age	<u>60 years</u>	<u>60 years</u>

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

	Note	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance, beginning of the year		2,531,746	2,498,024
<b>Recognized in the consolidated statement of the profit or losses</b>			
Current service cost		608,135	727,776
Interest cost	23	116,096	85,268
		<b>724,231</b>	813,044
<b>Recognized in the consolidated statement of OCI</b>			
Actuarial losses / (gains)		49,130	(47,611)
Disposal of subsidiary		-	(200,348)
Paid during the year		(363,255)	(531,363)
<b>Balance, ending of the year</b>		<u>2,941,852</u>	<u>2,531,746</u>

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

Assumption	<u>31 December 2025</u>		<u>31 December 2024</u>	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	2,752,468	3,077,370	2,455,654	2,716,683
Salary inflation rate	3,094,013	2,736,290	2,719,279	2,450,839

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.

**DEVELOPMENT WORKS FOOD COMPANY**

A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ﷲ")

**15. Defined employees' benefit plan liability (Continued)**

D- The reserve presented under equity under the caption "Actuarial Reserve" is, by its nature, an actuarial reserve that is calculated annually by a specialized entity, with an actuarial report issued based on a specific measurement methodology. The value of the reserve is adjusted in accordance with the results of this report. Its purpose is to provide a precautionary hedge against future obligations related to benefits or compensations of an actuarial nature, or any potential estimation risks related to employee benefits.

The movement of the actuarial reserve during the year is presented below.

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance, beginning of the year	334,742	382,353
Actuarial gains / (losses)	49,130	(47,611)
<b>Balance Ending of the year</b>	<b>383,872</b>	<b>334,742</b>

**16. Trade payables**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Trade payables	8,350,558	6,732,443
Payables for leases	2,950,415	1,205,551
Payables to service suppliers	1,051,746	1,066,410
Al Faddan Fruits and Vegetables Company – (Previously related party)	138,168	156,448
	<b>12,490,887</b>	<b>9,160,852</b>

**17. Accrued expenses and other liabilities**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Accrued salaries and benefits	3,242,035	2,387,149
Revenue from rental contracts	432,410	486,627
Accrued expenses	656,867	1,128,561
Accrued financing interest	-	475,911
Accrued value added tax	-	254,608
	<b>4,331,312</b>	<b>4,732,856</b>

**18. Zakat provision**

A- The following movement of the zakat provision:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance, beginning of the year	455,467	252,482
Charged during the year	44,808	33,668
Zakat assessment	-	231,909
<b>Zakat expense</b>	<b>44,808</b>	<b>265,577</b>
Disposal of subsidiary	-	(30,879)
Paid during the year	(327,676)	(31,713)
<b>Balance, ending of the year</b>	<b>172,599</b>	<b>455,467</b>

## DEVELOPMENT WORKS FOOD COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ﷲ")

### 18. Zakat provision (Continued)

#### B- Zakat Status

The Company has finalized its zakat status until 2023. The Company has submitted Zakat declarations and unconsolidated financial statements to the Zakat, Tax and Customs Authority until 2024, 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:

<u>Year</u>	<u>Assessment amount</u>	<u>Paid amount</u>	<u>Remaining amount</u>	<u>Zakat Status</u>
2018	241,370	241,370	-	The Company objected to the zakat assessment and it was rejected by the Authority. Subsequently, the Company reached an agreement with the Zakat, Tax and Customs Authority to pay the amount in installments. The Authority approved the request, and the final installment was paid on October 13, 2025.
2019	110,411	110,411	-	The Company did not dispute the amount of the mentioned Zakat assessment.
2020	448,481	290,565	157,916	The Company objected to the zakat assessment and it was rejected by the Authority. The Company then reached an understanding with the zakat authority to pay the amount in installments and the authority agreed to that.
2021&2022 &2023	-	-	-	The Company has completed the Zakat assessments with the Zakat, Tax and Customs Authority for the years 2021 ,2022 & 2023 with no financial impact on the financial statements.
2024	-	-	-	The company has paid its zakat dues for the year 2024, and its declaration is currently being reviewed by the Zakat Authority; the review has not yet been completed.

Management believes that the provision recognized is sufficient to cover the above-mentioned contingencies and that no additional provisions are required.

### 19. Revenue

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- Management believes that the Group represents a single operating segment and therefore does not present segment information. However, for disclosure purposes only, the distribution of the Group's revenues by geographic region within the Kingdom of Saudi Arabia is presented, noting that all revenues are generated within the Kingdom.

The following presents the details of revenue by geographical regions.

<u>Revenue by region</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Central Region	<b>83,226,517</b>	76,953,933
Western Region	<b>15,004,632</b>	14,806,985
Southern Region	<b>5,983,557</b>	5,598,000
<b>Total</b>	<b>104,214,706</b>	97,358,918

D- Below are details of revenue by Group's operational activities:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Juice Time – trademark revenue	<b>87,618,678</b>	82,120,135
Beef Shots – trademark revenue	<b>9,773,067</b>	8,575,570
Quiznos – trademark revenue	<b>6,813,400</b>	6,569,629
Juice Time Plus – trademark revenue	<b>9,561</b>	93,584
<b>Total</b>	<b>104,214,706</b>	97,358,918

**DEVELOPMENT WORKS FOOD COMPANY**

A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ﷲ")

**20. Cost of revenue**

	Note	31 December 2025	31 December 2024
Inventory, beginning of the year	9	4,952,083	5,229,585
Purchases during the year		40,886,378	39,308,584
Inventory at the end of the year	9	(4,713,763)	(4,952,083)
<b>Cost of goods sold</b>		<b>41,124,698</b>	39,586,086
Direct operating expenses	20 – 1	57,070,637	51,359,898
<b>Cost of revenue</b>		<b>98,195,335</b>	90,945,984

20-1 Details of direct operating expenses are as follows:

	Note	31 December 2025	31 December 2024
Employee salaries and benefits		14,627,830	12,838,551
Depreciation of the right to use assets	8	12,526,585	12,004,236
Commission and application cost		11,069,498	8,775,315
Depreciation of property and equipment	6	5,943,689	6,072,351
Governmental expenses		4,031,425	4,160,257
Utilities		2,835,197	2,580,647
Repairs and maintenance		1,031,199	844,201
Advertisement cost		1,011,149	576,429
GOSI expenses		854,408	905,380
Bank charges		703,253	643,700
Cleaning expenses		591,451	567,585
Insurance expenses		456,301	389,706
Rent expenses		461,324	246,991
Other expenses		927,328	754,549
<b>Total</b>		<b>57,070,637</b>	51,359,898

**21. General and administrative expenses**

	Note	31 December 2025	31 December 2024
Salaries and employee benefits*		4,881,069	3,453,832
Board of Directors' attendance fees and committees	26	1,398,513	912,093
Professional and consulting fees		969,675	1,190,256
Depreciation of property and equipment	6	472,360	474,873
Government expenses		348,885	258,436
Insurance expenses		347,760	201,250
GOSI expenses		251,933	229,977
Application development expenses		169,614	197,676
Utilities		123,177	148,159
Amortization of intangible assets	7	113,138	93,141
Fines and Penalties		98,678	16,447
Other expenses		299,207	234,557
		<b>9,474,009</b>	7,410,697

\*Salaries and employee benefits include salaries and employee benefits of senior management and key executives for the year ended 31 December 2025 amounting to ﷲ 1,282,708 (31 December 2024: ﷲ 1,193,282) - Note (26).

**DEVELOPMENT WORKS FOOD COMPANY**

A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ﷲ")

**22. Other income**

	<b>31 December 2025</b>	31 December 2024
Sublease Income	<b>3,681,808</b>	3,459,150
Franchise royalty income	<b>537,011</b>	498,247
(Losses) / gains on disposal of lease liabilities	<b>(10,944)</b>	97,715
Gains on sale of property and equipment	<b>58,086</b>	5,978
Impairment of capital work in progress	-	(201,403)
Other	<b>134,250</b>	84,871
	<b>4,400,211</b>	3,944,558

**23. Finance cost**

	Note	<b>31 December 2025</b>	31 December 2024
Interest on lease liabilities	8	<b>1,883,044</b>	2,015,390
Interest on loans and Sukuk		<b>926,741</b>	540,419
Defined employee's benefit plan interest expense	15	<b>116,096</b>	85,268
		<b>2,925,881</b>	2,641,077

**24. Discontinued Operations (Disposal of a Subsidiary)**

On 25 December 2024, the Company's Board of Directors decided to sell the Group's 70% stake in its subsidiary, Al Faddan Fruits and Vegetables Company. The Group's share of the subsidiary's fair value amounted to ﷲ 2,100,000, resulting in a profit of ﷲ 1,596,489. As of December 31, 2024, control and exercise of all rights were transferred to the parent company, and the regulatory procedures for amending the ownership structure of the sold company were completed.

	2024
Net assets and liabilities at the date of disposal	719,301
Less: Non-controlling interest	(215,790)
The carrying amount of net assets and liabilities held for sale after excluding non-controlling interest	503,511
<b>The following is the gain from Discontinued Operations</b>	
Financial consideration	2,100,000
Less: The carrying amount of net assets and liabilities held for sale after excluding non-controlling interest	(503,511)
Gain from disposal of a subsidiary	1,596,489
Add the share of business results for the period	48,511
Gross profit on disposal of a subsidiary	1,645,000

	<b>2025</b>	2024
<b>Discontinued operations</b>		
Revenue	-	9,261,834
Cost of revenue	-	(8,461,014)
<b>Gross profit</b>	-	800,820
General and administrative expenses	-	(723,568)
<b>Operating profit</b>	-	77,252
Finance costs	-	(7,950)
<b>Profit before zakat</b>	-	69,302
Zakat	-	-
<b>Profit for the year</b>	-	69,302
Other comprehensive Income		
Remeasurement losses on defined benefit plan obligations	-	-
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income</b>	-	69,302

**DEVELOPMENT WORKS FOOD COMPANY**

A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ﷲ")

**24. Discontinued Operations (Disposal of a Subsidiary) (Continued)**

	31 December 2024
Less: Non-controlling interests as at year-end	215,790
Less: Share of results (Total comprehensive income at 30%)	(20,791)
Elimination of non-controlling interests as at year-end	(194,999)
Balance at year end	-

**25. Basic and diluted (loss) / earnings per share**

Basic and diluted (loss) earnings 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:

**From Continuing operations**

	31 December 2025	31 December 2024
Net loss for the year for continuing operations	(5,169,605)	(345,728)
Weighted average number of outstanding shares at the end of the year	3,000,000	3,000,000
Basic and diluted per share	(1.72)	(0.12)

**From discontinued operations**

	31 December 2025	31 December 2024
Net Profit for the year for discontinued operations	-	1,645,000
Weighted average number of outstanding shares	-	3,000,000
Basic and diluted per share	-	0.55

**26. Transactions with related parties**

There were transactions concluded during the year with related parties within the Group's normal business and with management's approval. Management believes that the terms of these transactions are not materially different from any other transactions the Company enters into with any third party.

A. The following are the most significant transactions that took place with the related party:

Related party	Relationship	Transaction type	Transactions amounts	
			31 December 2025	31 December 2024
Al Faddan Fruits and Vegetables Company	Excluded subsidiary	Purchases	-	8,948,077
		Payments	-	(8,785,000)
		Dividend Distribution	-	75,977
		Subsidiary Disposal	-	2,100,000

-The balance due to Al Faddan Fruits and Vegetables Company is disclosed in Note (16).

**B. 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:

Related party	Relationship	Transaction type	Transactions amounts	
			31 December 2025	31 December 2024
Senior management and senior executives	Employees	Salaries and bonuses (note 21)	1,282,708	1,193,282
Board of Directors and related committees	Charged with governance	Allowances (note 21)	1,398,513	912,093

## DEVELOPMENT WORKS FOOD COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ﷲ")

### 27. Contingent liabilities and capital commitments

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.

	<u>31 December 2025</u>	<u>31 December 2024</u>
Within one year	<u>461,324</u>	<u>246,991</u>

B- 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. 14.

C- The Group has no capital commitments as of 31 December 2025, 2024.

### 28. 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 is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It arises principally from cash and deposits with banks, and amounts due from customers. The maximum exposure to credit risk is represented by the carrying amount of these assets.

The Company grants some of its customers credit terms ranging from 30 to 60 days. The Company's credit risk is primarily concentrated in dealings with local customers within the Saudi market. The Company assesses the creditworthiness of each new customer before granting standard payment terms.

Cash balances are held in current accounts with high-credit-rating financial institutions; therefore, management believes that the Group is not exposed to significant risks. Customer credit risk is managed by the business unit subject to the Group's policies, procedures, and controls relating to customer credit risk management. Credit limits are established for all customers based on internal and external rating criteria and controls. The credit quality of customers is assessed according to a credit rating system, and outstanding receivables are regularly monitored.

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

	<u>31 December 2025</u>	<u>31 December 2024</u>
Accounts receivable	4,071,997	5,221,561
Advance payment to suppliers	112,000	112,000
Cash at banks	741,858	4,056,646
Employee receivables	165,725	220,980
	<u>5,091,580</u>	<u>9,611,187</u>

\* Please refer to (Note 11) for more details about the expected credit loss allowance related to account 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.

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.

**DEVELOPMENT WORKS FOOD COMPANY**

A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ر.س.")

**28. Financial instruments, risk management and fair value (Continued)****Risk Management (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. 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.

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 year</u>
<b>2025</b>	<b>+ 100</b>	<b>51,710</b>
<b>2025</b>	<b>- 100</b>	<b>(51,710)</b>
2024	+ 100	97,614
2024	- 100	(97,614)

**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.

	<u>31 December 2025</u>	<u>31 December 2024</u>
Total liabilities	<b>52,958,398</b>	48,171,089
Less: Cash and cash equivalents	<b>(946,988)</b>	(4,252,746)
Net	<b>52,011,410</b>	43,918,343
Total equity	<b>16,642,862</b>	22,270,293
Liability to equity	<b>3.12</b>	1.97

**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:

	<u>1 – 12 Months</u>	<u>1 -5 Years</u>	<u>More than 5 years</u>	<u>Total</u>
<b>2025</b>				
Leases liabilities	<b>11,020,473</b>	<b>17,289,189</b>	<b>4,620,000</b>	<b>32,929,662</b>
Loans & Sukuk	<b>4,404,754</b>	<b>1,380,025</b>	-	<b>5,784,779</b>
Trade payables	<b>12,490,887</b>	-	-	<b>12,490,887</b>
Accruals and other liabilities	<b>4,331,312</b>	-	-	<b>4,331,312</b>
<b>Total</b>	<b>32,247,426</b>	<b>18,669,214</b>	<b>4,620,000</b>	<b>55,536,640</b>

**DEVELOPMENT WORKS FOOD COMPANY**

A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS "ﷲ")

**28. Financial instruments, risk management and fair value (Continued)****Risk Management (Continued)**

2024	1 – 12 Months	1 -5 Years	More than 5 years	Total
Leases liabilities	10,791,822	11,503,266	2,675,000	24,970,088
Loans & Sukuk	8,010,174	3,481,675	-	11,491,849
Trade payables	9,160,852	-	-	9,160,852
Accruals and other liabilities	4,732,856	-	-	4,732,856
<b>Total</b>	<b>32,695,704</b>	<b>14,984,941</b>	<b>2,675,000</b>	<b>50,355,645</b>

**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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to the Group.

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

When measuring the fair value of a non-financial asset, the market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would use the asset in its highest and best use is taken into account.

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities,
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable,
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

The following table shows the carrying 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 carrying value represents a reasonable estimate of the fair value and does not differ from it materially.

	Book value	
	31 December 2025	31 December 2024
<b>Financial assets</b>		
Accounts Receivables	4,071,997	5,221,561
Cash and cash equivalents	946,988	4,252,746
	<b>5,018,985</b>	<b>9,474,307</b>
<b>Financial liabilities</b>		
Loans and Sukuk	5,170,964	9,761,381
Trade payables	12,490,887	9,160,852
Accrued expenses and other liabilities	4,331,312	4,732,856
	<b>21,993,163</b>	<b>23,655,089</b>

## 29. Non-controlling interest

	<u>Percentage of non- controlling interest</u>	<u>31 December 2025</u>
<b>Non-controlling interest of subsidiary - Business Street Trading</b>	<b>18%</b>	<b>(408,696)</b>
The following table summarizes information relating to the subsidiary Business Street as of 31 December 2025, which has non-controlling interests:		
		<b>Statement of Financia Position 31 December 2025</b>
<b>Assets:</b>		
Non-current assets		5,282,491
Current assets		2,505,729
<b>Total assets</b>		<b>7,788,220</b>
<b>Equity and liabilities:</b>		
Equity:		
Share capital		10,000
Accumulated losses		(2,270,537)
<b>Total equity</b>		<b>(2,260,537)</b>
Liabilities:		
Non-current liabilities		9,552,493
Current liabilities		496,264
<b>Total liabilities</b>		<b>10,048,757</b>
<b>Total equity and liabilities</b>		<b>7,788,220</b>
<b>Non-controlling interest (18%)</b>		<b>(406,896)</b>
<b>Equity Attributable to NCI (Due from partner)</b>		<b>(1,800)</b>
<b>Net non-controlling interest (18%)</b>		<b>(408,696)</b>
		<b>Statement of profit and loss and other comprehensive income 31 December 2025</b>
Revenue		4,249,031
Expenses		(6,519,568)
<b>Profit for the year</b>		<b>(2,270,537)</b>
<b>Allocated to the non-controlling interest (18%)</b>		<b>(408,696)</b>
<b>Other comprehensive income</b>		<b>-</b>
<b>Allocated to the non-controlling interest (18%)</b>		<b>(408,696)</b>

## 30. Subsequent and significant events during the year

Management believes that there are no significant subsequent events after year end that require adjustment or disclosure on these consolidated financial statements.

## 31. Approval of consolidated financial statements

The consolidated financial statements were approved by the Board of Directors on 27 Ramadan 1447H (Corresponding to 16 March 2026).