RAYDAN FOOD COMPANY

(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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Independent Auditor's Report

To the Shareholders of
Raydan Food Company
a Saudi Joint Stock Company
Jeddah, Kingdom of Saudi Arabia

Opinion

We have audited the consolidated financial statements of Raydan Food Company (the "Company"), and its subsidiary (the "Group") which comprise the consolidated statement of financial position as at 31 December 2021, and the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidation financial position of the Group as at 31 December 2021 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi organization for Chartered and Professional Accountants.

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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Below is a description of each of the key audit matters and how they were addressed.

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment of property, plant and equipment and right-of-use assets As of 31 December 2021, the carrying value of property, plant, equipment, and right-of-use assets was SR 127.8 million (2020: SR 152.9 million) and SR 35.6 million (2020: SR 48.9 million), respectively. Property, plant, equipment, and right-of-use assets are subject to impairment testing when there are internal or external indicators of impairment. Accordingly, the management conducted an impairment test for the assets of loss generating branches by comparing the recoverable amounts of the cash-generating units with their book value to ensure that the book value of the assets do not exceed their recoverable amounts.	Our audit procedures included, among other matters, the use of our valuation experts to perform the following: • Obtaining the impairment model used by management to test property, plant and equipment and right-of-use assets. • Assess the methodology used in the model to calculate the recoverable amounts. • Identify the key assumptions and ensure their reasonableness.

Independent Auditor's Report (Continued)

To the Shareholders of
Raydan Food Company
a Saudi Joint Stock Company
Jeddah, Kingdom of Saudi Arabia

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment of property, plant and equipment and right-of-use assets (continued) In determining the recoverable amount, management has estimated the value in use of the cash-generating units which is based on a discounted cash flow model. Value in use is based on management's estimates of future performance as well as external market conditions. After the management performed the impairment test, this resulted in a restatement of the comparative figures for the year ended 31 December 2020 and recognition of an additional impairment loss in Property, plant and equipment and right-of-use assets in the amount of SR 14.1 million and SR 17.5 million, respectively in that year. Impairment of Property, plant and equipment and right-of-use assets is a key audit matter, due to the fact that calculating the recoverable amounts of the cash-generating units requires estimates and judgments about revenue growth and discount rates, and any change in these estimates may result in a material impact on the Group's financial results. This matter was disclosed in Note 4 to the consolidated financial statements.	• Ensure the arithmetical accuracy of the model. We have also ensured the adequacy of disclosures in the consolidated financial statements of the Group in accordance with the applicable accounting standard.

Other Information included in the Group's 2021 Annual Report

Other information includes the information included in the Group's annual report for the year ended 31 December 2021, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in it is annual report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, we 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 the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this to those charge with governance.

The Group's 2021 annual report is expected to be made available to us after the date of this audit report.

Independent Auditor's Report (Continued)

To the Shareholders of
Raydan Food Company
a Saudi Joint Stock Company
Jeddah, Kingdom of Saudi Arabia

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

Management is responsible for the preparation and fair presentation of the consolidation financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi organization for Chartered and Professional Accountants and Regulations for Companies and the Company's Bylaw, and for such internal control as management determine 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, management is 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 management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance, i.e. the board of directors, are responsible for overseeing the Group's financial reporting process.

Auditors' 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidation financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism 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 management.

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Independent Auditor's Report (Continued)

To the Shareholders of
Raydan Food Company
a Saudi Joint Stock Company
Jeddah, Kingdom of Saudi Arabia

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditors' 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 auditors' 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.

We communicate with the audit committee 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 the audit committee 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, related safeguards.

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 included in our report as 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.

For Baker Tilly MKM & Co.
Certified Public Accountants

Ayyad Obeyan AlSeraihi
Licence Number 405
Jeddah on 27 Shaaban 1443H
Corresponding to 30 March 2022

بيكر تيلي
م ك م وشركاه
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BAKER TILLY
MKM & CO.

RAYDAN FOOD COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	31 December 2021	31 December 2020	1 January 2020
		SR	*SR*	*SR*
ASSETS			*(Restated -*	*(Restated -*
Non-current assets			*note 32*	*note 32*
Property, plant and equipment	4	**127,779,212**	152,889,322	240,857,710
Intangible assets	5	**135,160**	351,343	1,289,760
Right of use assets	6	**35,590,920**	48,906,936	74,671,120
Investment in an associate	7	**61,625,341**	67,541,602	71,023,225
		225,130,633	269,689,203	387,841,815
Current assets				
Inventories	8	**2,360,691**	2,638,863	3,773,593
Trade receivables		**3,331,492**	1,423,235	532,049
Due from related parties	27	**8,482,038**	6,216,929	7,652,249
Prepayments and other receivables	9	**6,146,376**	4,742,898	10,790,131
Cash and cash equivalents	10	**76,188,384**	5,382,116	2,228,194
		96,508,981	20,404,041	24,976,216
Assets held for sale	11	**3,200,000**	-	-
		99,708,981	20,404,041	24,976,216
TOTAL ASSETS		**324,839,614**	290,093,244	412,818,031
EQUITY AND LIABILITIES				
Equity				
Share Capital	12	**337,500,000**	225,000,000	225,000,000
Statutory reserve		**27,413,798**	27,413,798	27,413,798
Accumulated losses		**(157,504,107)**	(111,571,909)	7,420,242
Foreign currency translation reserve		**508,314**	506,657	451,942
Equity attributable to the shareholders of the Company		**207,918,005**	141,348,546	260,285,982
Non-controlling interests		**2,312**	21,698	32,641
Total equity		**207,920,317**	141,370,244	260,318,623
Liabilities				
Non-current liabilities				
Lease liabilities	15	**44,099,371**	65,865,689	65,882,356
Long-term loan	16	**14,318,738**	18,467,235	16,451,629
Employee termination benefits	17	**15,438,313**	16,429,734	17,590,155
		73,856,422	100,762,658	99,924,140
Current liabilities				
Current portion of lease liabilities	15	**9,293,535**	10,173,973	10,933,162
Current portions of long-term loan	16	**6,000,000**	4,000,000	7,597,708
Trade payables	18	**16,397,744**	21,916,049	23,860,416
Due to related parties	27	**11,161,730**	11,207,811	10,183,982
Zakat payable	19	**209,866**	662,509	-
		43,062,875	47,960,342	52,575,268
Total liabilities		**116,919,297**	148,723,000	152,499,408
TOTAL EQUITY AND LIABILITIES		**324,839,614**	290,093,244	412,818,031

The accompanying notes form an integral part of these consolidated financial statements

RAYDAN FOOD COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
		SR	*SR*
Continuing operations:			*(Restated - note 32)*
Revenue from contracts with customers	**20**	**131,168,043**	127,815,576
Cost of revenue		**(137,648,592)**	(140,245,906)
Gross Loss		**(6,480,549)**	(12,430,330)
Selling and marketing expenses	**21**	**(2,554,548)**	(3,148,447)
General and administrative expenses	**22**	**(20,854,480)**	(18,334,073)
Reversal / Impairment loss on property, plant and equipment	**4**	**2,280,215**	(35,689,679)
Reversal / Impairment loss on right of use assets	**6**	**3,370,097**	(17,531,713)
Loss on disposal of property, plant and equipment	**4**	**(6,815,555)**	(19,857,846)
Profit / (Loss) on disposal of right of use assets	**6**	**4,150,152**	(663,949)
Other operating income, net	**23**	**2,675,878**	2,049,694
Operating loss		**(24,228,790)**	(105,606,343)
Share of results in an associate	**7**	**(5,192,537)**	(3,481,623)
Finance costs	**24**	**(4,922,512)**	(5,818,701)
Loss before zakat and income tax		**(34,343,839)**	(114,906,667)
Zakat and income tax	**19**	**(470,971)**	(714,053)
Net loss for the year from continuing operations		**(34,814,810)**	(115,620,720)
Discontinued operations:			
Loss from discontinued operations, after income tax	**11**	**(7,408,695)**	(1,149,453)
NET LOSS FOR THE YEAR		**(42,223,505)**	(116,770,173)
Attributable to:			
The Company's shareholders		**(42,207,449)**	(116,758,678)
Non-controlling interests		**(16,056)**	(11,495)
		(42,223,505)	(116,770,173)
Other Comprehensive Income (OCI)			
OCI that may be reclassified to profit or loss subsequently:			
Exchange differences on translation of foreign operations		**(1,673)**	55,267
OCI that will not be reclassified to profit or loss subsequently:			
Remeasurements of defined benefit liability	**17**	**92,725**	(2,233,473)
Share of other comprehensive income from associate		**(723,724)**	-
Other comprehensive loss		**(632,672)**	(2,178,206)
Total comprehensive loss		**(42,856,177)**	(118,948,379)
Attributable to:			
The Company's shareholders		**(42,836,791)**	(118,937,436)
Non-controlling interests		**(19,386)**	(10,943)
		(42,856,177)	(118,948,379)
Basic and diluted loss per share:			
From continued operations	**14**	**(1.32)**	(5.14)
From net loss	**14**	**(1.60)**	(5.19)

The accompanying notes form an integral part of these consolidated financial statements

RAYDAN FOOD COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Equity attributable to the shareholders of the Company						
	Capital	*Statutory reserve*	*(Accumulated losses) / Retained earnings*	*Foreign currency translation reserve*	*Equity attributable to the shareholders of the Company*	*Non-controlling interests*	*Total equity*
	SR	*SR*	*SR*	*SR*	*SR*	*SR*	*SR*
For the year ended 31 December 2021:							
As at 1 January 2021 (restated)	**225,000,000**	**27,413,798**	**(111,571,909)**	**506,657**	**141,348,546**	**21,698**	**141,370,244**
Loss for the year	**-**	**-**	**(42,207,449)**	**-**	**(42,207,449)**	**(16,056)**	**(42,223,505)**
Other comprehensive loss	**-**	**-**	**(630,999)**	**1,657**	**(629,342)**	**(3,330)**	**(632,672)**
Total comprehensive loss	**-**	**-**	**(42,838,448)**	**1,657**	**(42,836,791)**	**(19,386)**	**(42,856,177)**
Capital increase (note 12)	**112,500,000**	**-**	**-**	**-**	**112,500,000**	**-**	**112,500,000**
Cost related to capital increase	**-**	**-**	**(3,093,750)**	**-**	**(3,093,750)**	**-**	**(3,093,750)**
As at 31 December 2021	**337,500,000**	**27,413,798**	**(157,504,107)**	**508,314**	**207,918,005**	**2,312**	**207,920,317**
For the year ended 31 December 2020:							
As at 1 January 2020 (before restatement)	225,000,000	27,413,798	18,519,682	451,942	271,385,422	32,641	271,418,063
Restatement of comparative figures (note 32)	-	-	(11,099,440)	-	(11,099,440)	-	(11,099,440)
As at 1 January 2020 (restated)	225,000,000	27,413,798	7,420,242	451,942	260,285,982	32,641	260,318,623
Loss for the year (restated)	-	-	(116,758,678)	-	(116,758,678)	(11,495)	(116,770,173)
Other comprehensive loss	-	-	(2,233,473)	54,715	(2,178,758)	552	(2,178,206)
Total comprehensive loss (restated)	-	-	(118,992,151)	54,715	(118,937,436)	(10,943)	(118,948,379)
As at 31 December 2020 (restated)	225,000,000	27,413,798	(111,571,909)	506,657	141,348,546	21,698	141,370,244

RAYDAN FOOD COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	SR	*SR*
OPERATING ACTIVITIES		*(Restated - note 32)*
Loss for the year	**(42,223,505)**	(116,770,173)
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	**11,197,140**	14,289,489
Amortization of intangible assets	**216,183**	352,541
Depreciation of right of use assets	**4,900,694**	7,712,833
Loss from disposal of intangible assets	**-**	617,256
Reversal / Impairment on property, plant and equipment	**(2,280,215)**	35,689,679
Reversal / Impairment on right of use assets	**(3,370,097)**	17,531,713
Impairment of assets held for sale	**5,803,147**	-
Loss from disposal of property, plant and equipment	**8,244,655**	19,857,846
(Profit) / Loss from lease contracts termination	**(4,150,152)**	663,949
Share of results from an associate	**5,192,537**	3,481,623
Employee termination benefits incurred	**1,355,465**	1,370,534
Finance costs incurred	**4,922,512**	5,818,701
Zakat and income tax charges	**470,971**	1,192,132
	(9,720,665)	(8,191,877)
Changes in working capital:		
Inventory	**278,172**	1,134,730
Trade receivables	**(1,908,257)**	(891,186)
Due from related parties	**(2,265,109)**	1,435,320
Prepayments and other receivables	**(1,403,478)**	6,047,233
Trade payables	**(5,518,305)**	(1,944,367)
Due to related parties	**(46,081)**	1,023,829
	(20,583,723)	(1,386,318)
Employee termination benefits paid	**(2,489,052)**	(5,340,752)
Zakat and income tax paid	**(923,614)**	(529,623)
Net cash flows used in operating activities	**(23,996,389)**	(7,256,693)
INVESTING ACTIVITIES		
Purchase of intangible assets	**-**	(31,380)
Purchase of property, plant and equipment	**(3,926,950)**	(2,110,136)
Proceeds from sale of property, plant and equipment	**2,872,333**	20,786,159
Net cash flows (used in) / from investing activities	**(1,054,617)**	18,644,643
FINANCING ACTIVITIES		
Repayment of lease liabilities	**(9,547,303)**	(4,389,295)
Repayment of long-term loan	**(4,000,000)**	(3,800,000)
Capital increase	**112,500,000**	-
Cost related to capital increase	**(3,093,750)**	-
Finance costs paid	**-**	(100,000)
Net cash flows from / (used in) financing activities	**95,858,947**	(8,289,295)
Net change in cash and cash equivalents	**70,807,941**	3,098,655
Cash and cash equivalents at the beginning of the year	**5,382,116**	2,228,194
foreign currency translation impact on cash and cash equivalents	**(1,673)**	55,267
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**76,188,384**	5,382,116

Non-cash transactions- note 26

The accompanying notes form an integral part of these consolidated financial statements

1 COMPANY INFORMATION

Raydan Food Company is a Saudi joint stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030180055 issued in Jeddah on Jumada II 11 1429H corresponding to 15 June 2008.

On 26 February 2017, the Company has obtained of the Capital Market Authority approval to list 30% of its shares in the parallel money market "Nomu".

On 17 November 2019, the Company obtained the approval of the Capital Market Authority to transfer Raydan Food Company from the parallel market to the main market and accordingly list its shares in the main capital market.

On 2 May 2021, the Capital Market Authority approved the request to increase the Company's capital by SR 112.5 million through issuing preemptive rights share. Accordingly, the Company's capital became SR 337.5 million. The Company has finalized the offering of preemptive rights on 25 August 2021.The Company incurred transaction costs of SR 3.1 million related to the process of capital increase which was deducted from retained earnings.

The Company amended its By-laws to reflect the increase in capital, and the legal procedures were completed and the amended By-laws were issued during the year.

The Company is engaged in running restaurants and offering catering services.

These consolidated financial statements include the assets, liabilities and activities of the Company and its following branches:

CR number	Location	Date
4030212391	Jeddah	8 Jumada II 1432H
4030212394	Jeddah	8 Jumada II 1432H
4030212441	Jeddah	11 Jumada II 1432H
4030212445	Jeddah	11 Jumada II 1432H
4030212448	Jeddah	11 Jumada II 1432H
4030212449	Jeddah	11 Jumada II 1432H
4030212451	Jeddah	11 Jumada II 1432H
4030263433	Jeddah	14 Rabi` I 1435H
4030263435	Jeddah	14 Rabi` I 1435H
4030263437	Jeddah	14 Rabi` I 1435H
4030279635	Jeddah	7 Rabi` I 1436H
4030279638	Jeddah	7 Rabi` I 1436H
4030280791	Jeddah	11 Jumada I 1436H
4030297019	Jeddah	25 Muharram 1439H
4030318833	Jeddah	23 Jumada I 1440H
4030321190	Jeddah	27 Rabi` II 1440H
4031082499	Makkah	14 Rabi` I 1435H
4031095136	Makkah	24 Rabi` II 1437H
4031098223	Makkah	6 Rabi` I 1438H
4031098224	Makkah	6 Rabi` I 1438H
4031212516	Makkah	3 Jumada II 1439H
4603149025	Alqunfatha	13 Sha'ban 1440H
1010419814	Riyadh	16 Ramadan 1435H
2050107466	Dammam	17 Safar 1437H
4650083053	Al Madinah Almonawra	25 Muharram 1439H

The consolidated financial statements include the accounts of the Company and its subsidiary as at 31 December 2021 and 31 December 2020 (hereinafter referred to as (the "Group") as follows:

Subsidiary name	Country of incorporation	Direct ownership	Main activities
Raydan Kitchens and Restaurants Egypt	Egypt	99%	Establishing and operating fixed restaurants for selling and providing ready meals and real estate investment.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group for the year ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards as adopted in the Kingdom of Saudi Arabia and other standards and pronouncements adopted by the Saudi Organization for Charted and Professional Accountants (IFRS). Details of the Group's significant accounting policies are disclosed in note 31.

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in Saudi Riyals which is also the functional currency of the Company and all values are rounded to the nearest Saudi Riyal (SR), except when otherwise indicated.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risk and uncertainties' includes:

- Financial instruments risk management — Note 30
- Sensitivity analysis disclosures — Note 17

3.1 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Long-term assumptions for employees' termination benefits

Employees' termination benefits represent obligations that will be settled in the future. Management is required to make further assumptions regarding variables such as discount rates, rate of salary increase, mortality rates, and employment turnover. Periodically, management of the Group consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and periodic employee defined benefit costs incurred.

Impairment of non-financial assets

The estimation of the recoverable amounts of property, plant and equipment, right-of-use assets and investment in associate is significantly affected by the ability of management to achieve 2022 budget. Budgets include forecasts related to revenue, costs of revenue and indirect expenses based on current and expected market conditions that have been taken into account. While the Group is able to manage most of the costs related to the cash-generating units, revenue expectations are inherently uncertain due to fluctuating market conditions.

A decrease in the recoverable amount by 10% causes an additional impairment as follows:

Account Name	**Impairment losses**
	SR
Property, plant and equipment	**-**
Right of use assets	**337,542**
Investment in an associate	**1,292,952**

Useful lives of property, plant and equipment

The Group determines the estimated useful lives of its property, plant and equipment for calculating depreciation after considering the expected usage of the assets or physical wear and tear. Management has not put any residual value as it was considered as insignificant. Management reviews the useful lives annually.

Discounting lease Payments

Rental payments are discounted using the Group's incremental borrowing rate (IBR). The management has applied judgment and estimates to determine the incremental borrowing rate at the inception of the lease.

4 PROPERTY, PLANT AND EQUIPMENT

	Lands	*Buildings*	*leasehold improvements*	*Operating machinery and equipment*	*Vehicles*	*Furniture and fixtures*	*Capital work in progress*	*Total*
Cost:	***SR***	***SR***	***SR***	***SR***	***SR***	***SR***	***SR***	***SR***
At 1 January 2020	104,157,100	152,171,449	26,137,295	21,334,890	12,203,941	7,214,907	16,842,074	340,061,656
Additions	9,240	16,183	230,359	173,622	17,201	146,752	2,061,428	2,654,785
Disposals	(44,432,500)	(22,397,321)	(521,829)	(1,510,296)	(115,300)	(248,989)	(2,672,039)	(71,898,274)
Transfers	-	224,118	-	2,602,593	-	8,823	(2,835,534)	-
At 31 December 2020	59,733,840	130,014,429	25,845,825	22,600,809	12,105,842	7,121,493	13,395,929	270,818,167
Additions	**525,063**	**1,658,066**	**191,898**	**242,148**	**28,000**	**192,532**	**1,089,243**	**3,926,950**
Disposals	**(525,063)**	**(2,504,753)**	**(5,737,863)**	**(6,166,800)**	**(1,765,712)**	**(635,257)**	**(865,621)**	**(18,201,069)**
Transfers to assets held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**(9,003,147)**	**(9,003,147)**
Transfers	**-**	**-**	**-**	**88,829**	**-**	**43,842**	**(132,671)**	**-**
At 31 December 2021	**59,733,840**	**129,167,742**	**20,299,860**	**16,764,986**	**10,368,130**	**6,722,610**	**4,483,733**	**247,540,901**
Accumulated depreciation and impairment:								
At 1 January 2020	-	61,073,525	9,798,311	13,854,339	9,446,599	5,031,172	-	99,203,946
Charge for the year	-	7,755,960	3,196,085	1,992,721	677,099	667,624	-	14,289,489
Impairment (Restated - note 32)	33,096,909	1,172,981	1,419,789	-	-	-	-	35,689,679
Disposals	(21,588,534)	(8,303,806)	(348,953)	(775,605)	(50,489)	(186,882)	-	(31,254,269)
At 31 December 2020	11,508,375	61,698,660	14,065,232	15,071,455	10,073,209	5,511,914	-	117,928,845
Charge for the year	**-**	**6,239,305**	**2,657,098**	**1,423,903**	**298,374**	**578,460**	**-**	**11,197,140**
Reversal Impairment	**-**	**(860,426)**	**(1,419,789)**	**-**	**-**	**-**	**-**	**(2,280,215)**
Disposals	**-**	**(124,835)**	**(2,779,069)**	**(2,006,895)**	**(1,746,837)**	**(426,445)**	**-**	**(7,084,081)**
At 31 December 2021	**11,508,375**	**66,952,704**	**12,523,472**	**14,488,463**	**8,624,746**	**5,663,929**	**-**	**119,761,689**
Net book values:								
At 31 December 2021	**48,225,465**	**62,215,038**	**7,776,388**	**2,276,523**	**1,743,384**	**1,058,681**	**4,483,733**	**127,779,212**
At 31 December 2020	48,225,465	68,315,769	11,780,593	7,529,354	2,032,633	1,609,579	13,395,929	152,889,322

4 PROPERTY, PLANT AND EQUIPMENT (continued)

- Lands includes the land of Kilo 14 branch with a book value of SR 1,923,000 registered in the name of its previous owner and the procedures for transferring ownership to the Group are under process.
- Lands includes lands with a book value of SR 12,825,000 which are pledged as guarantees against the long-term loan (note 16).
- Finance costs amounting to SR nil were capitalized during the year ended on 31 December 2021 (2020: SR 544.6 thousand).
- As at 31 December 2021, capital work-in-progress represents costs incurred for the construction of decoration and restaurant fittings, and the purchase of machinery and equipment for the new branches of the Group.
- As at 31 December 2020, the management has recorded impairment loss related to lands amounting to SR 21.6 million. During March 2022, the management tested the impairment of loss generating branches as at 31 December 2021 and 2020. The assets of the branches consist of Property, Plant and equipment and right-of-use assets. This test resulted in recognizing an impairment loss on property, plant, equipment and right-of-use assets for the year ended 31 December 2020 of SR 14.1 million and SR 17.5 million, respectively. In addition to a reversal of impairment in property, plant, equipment and right-of-use assets during the year ended 31 December 2021 by SR 2.3 million and SR 3.4 million, respectively. The key assumptions used by management were as follows:
  * Discount rate: 14.9%
  * Growth rate: 3%

5 INTANGIBLE ASSETS

	Software and management systems	*Total*
Cost:	***SR***	***SR***
At 1 January 2020	1,762,707	1,762,707
Additions	31,380	31,380
Disposals	(1,093,190)	(1,093,190)
At 31 December 2020	700,897	700,897
At 31 December 2021	**700,897**	**700,897**
Accumulated amortization:		
At 1 January 2020	472,947	472,947
Charge for the year	352,541	352,541
Disposals	(475,934)	(475,934)
At 31 December 2020	349,554	349,554
Charge for the year	**216,183**	**216,183**
At 31 December 2021	**565,737**	**565,737**
Net book values:		
At 31 December 2021	**135,160**	**135,160**
At 31 December 2020	351,343	351,343
Useful live (year)	**5**	

6 RIGHT-OF-USE ASSETS

	Branches and warehouses locations	*Total*
Cost:	***SR***	***SR***
At 1 January 2020	83,394,681	83,394,681
Additions	3,400,936	3,400,936
Lease termination	(3,123,504)	(3,123,504)
Discounts from the lessor	(2,358,320)	(2,358,320)
At 31 December 2020	81,313,793	81,313,793
Additions	**1,013,432**	**1,013,432**
Lease termination	**(22,302,414)**	**(22,302,414)**
Discounts from lessor	**(160,228)**	**(160,228)**
At 31 December 2021	**59,864,583**	**59,864,583**
Accumulated depreciations:		
At 1 January 2020	8,723,561	8,723,561
Charge for the year	7,712,833	7,712,833
Impairment (note 4)	17,531,713	17,531,713
Lease termination	(1,561,250)	(1,561,250)
At 31 December 2020	32,406,857	32,406,857
Charge for the year	**4,900,694**	**4,900,694**
Reversal of impairment (note 4)	**(3,370,097)**	**(3,370,097)**
Lease termination	**(9,663,791)**	**(9,663,791)**
At 31 December 2021	**24,273,663**	**24,273,663**
Net book values:		
At 31 December 2021	**35,590,920**	**35,590,920**
At 31 December 2020	48,906,936	48,906,936

The Group leases warehouses and branch sites. The term of these leases ranges from 3 to 30 years.

During 2021, the Group terminated lease contracts for some of branches, and the financial impact of this termination was a decrease in the right-of-use assets amounting to SR 12,638,623 and the lease liabilities amounting to SR 16,788,775, which resulted in a profit of SR 4,150,152.

7 INVESTMENT IN AN ASSOCIATE

Investment in Al-Jonah Sweets and Outside Catering Ltd

Al-Jonah Sweets and Outside Catering Ltd. is a limited liability company registered in the Kingdom of Saudi Arabia, and it works in organizing external parties for others, providing meals and services for cooked and non-cooked food. The Group's share in the capital of Al-Jonah Company as of 31 December 2021 is 30% (31 December 2020: 30%) and the investment movement is as follows:

	2021	2020
	SR	*SR*
		(Restated - note 32)
At 1 January	**67,541,602**	71,023,225
Share of loss	**(5,192,537)**	(3,481,623)
Share of OCI	**(723,724)**	-
At 31 December	**61,625,341**	67,541,602

7 INVESTMENT IN AN ASSOCIATE (continued)

The following table summarizes the financial information of Al-Jonah Company extracted from its financial statements, in addition to the adjustments to arrive at the carrying amount of the Group's investment in Al-Jonah:

	31 December 2021	31 December 2020
	SR	*SR*
Current assets	**23,532,618**	29,861,876
Non current assets	**122,943,473**	137,770,665
Current liabilities	**(46,544,174)**	(47,906,018)
non current liabilities	**(34,254,819)**	(34,328,556)
Total Equity	**65,677,098**	85,397,967
Group's share 30%	**19,703,129**	25,619,390
Goodwill	**41,922,212**	41,922,212
NBV of the investment	**61,625,341**	67,541,602

The following is a summary of the profit or loss statement for Al-Jonah Company for the year ended 31 December:

	2021	2020
	SR	*SR*
Sales	**60,276,627**	54,891,457
Cost of sales	**(36,309,775)**	(29,524,183)
Operating expenses	**(43,263,284)**	(36,935,204)
Non operating income & losses	**1,987,975**	(37,480)
Loss for the year	**(17,308,457)**	(11,605,410)
Group's share 30%	**(5,192,537)**	(3,481,623)

8 INVENTORIES

	31 December 2021	31 December 2020
	SR	*SR*
Foods and drinks, raw materials	**1,136,067**	1,267,923
Consumable supplies and tools	**1,224,624**	1,370,940
	2,360,691	2,638,863

9 PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2021	31 December 2020
	SR	*SR*
Margin on a letter of guarantee	**1,999,406**	-
Prepaid expenses	**1,864,612**	1,274,987
Employee receivables	**1,172,567**	1,924,573
Advances to suppliers	**549,170**	1,147,442
Other debit balances	**560,621**	395,896
	6,146,376	4,742,898

10 CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
	SR	*SR*
Cash on hand	**765,942**	767,510
Cash at bank	**75,422,442**	4,614,606
	76,188,384	5,382,116

11 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

A) The Company's Board of Directors resolved on 22 Dhu al-Hijjah 1442 corresponding to 1 August 2021 to grant an exclusive franchise rights to a company in Egypt and sell the Group current branches in Egypt to the new exclusive agent.

Accordingly, on 22 Safar 1443H corresponding to 29 September 2021, management signed an agreement with Al Rayah company for restaurants (A company registered in Egypt) to sell the Group assets and branches in Egypt for EGP 5.7 million (SR 1.3 million), accordingly, the results of the branches have been presented as discontinued operations.

B) The Company's board of directors resolved to stop the process of establishing the food factory and sell the factory at a value of SR 3.2 million. Accordingly, the food factory assets as at 31 December 2021 were transferred to assets held for sale. The transfer also resulted in impairment of SR 5.8.

C) The profit or loss statement for discontinued operations is as follows:

	2021	2020
	SR	SR
Sales	**5,500,061**	6,079,509
Cost of sales	**(5,490,544)**	(6,007,597)
General and administrative expenses	**(404,543)**	(1,002,518)
Other revenue	**218,578**	259,232
Impairment	**(5,803,147)**	-
Loss from assets disposal	**(1,429,100)**	-
Income tax	**-**	(478,079)
Net loss from discontinued operations	**(7,408,695)**	(1,149,453)

12 CAPITAL

The company's capital as at 31 December 2021 consists of 33,750 thousand shares (2020: 22,500 thousand shares) each with a value of SR 10 (2020: SR 10) as the Company has increased its capital by SR 112.5 through a rights issue on 25 August 2021.

13 CAPITAL MANAGEMENT

For the purpose of capital management, capital includes capital, statutory reserve and all other equity reserves attributable to the shareholders of the Company. The primary objective of capital management is to maximize the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders and adjusting the level of borrowing from banks and capital increase.

14 BASIC AND DILUTED LOSS PER SHARE

The loss per share was calculated from the net loss for the year ended 31 December 2021 based on the number of shares outstanding at that date amounting to 26,445,205 million shares (2020: 22.5 million shares). The Group does not have diluted shares.

15 LEASE LIABILITIES

The movement of lease liabilities for the years ended 31 December were as follows:

	2021	2020
	SR	*SR*
1 January	**76,039,662**	76,815,518
Additions	**1,013,432**	3,400,936
Interest due	**2,836,118**	3,469,128
Lease termination	**(16,788,775)**	(898,305)
Discounts from lessor	**(160,228)**	(2,358,320)
Paid	**(9,547,303)**	(4,389,295)
31 December	**53,392,906**	76,039,662
Less: current portion of lease liabilities	**(9,293,535)**	(10,173,973)
Non-current portion	**44,099,371**	65,865,689

Lease liabilities added during the year ended 31 December 2021 have been discounted using the Group's incrmental borrowing rate of 8% (2020: 8%).

Lease liabilities as at 31 December are due as follows:

	2021	2020
	SR	*SR*
During 1 year	**9,293,535**	10,173,973
More than 1 year and less than 5 years	**33,155,120**	45,627,903
More than 5 years	**10,944,251**	20,237,786
	53,392,906	76,039,662

16 LONG-TERM LOAN

The Group obtained a long-term loan amounting to SR 35.1 million in the form of a long-term finance lease to finance capital expansion. This loan is guaranteed by collateral of lands of the Group (note 4). This loan is subject to an effective interest rate of 8%.

The total finance charges related to this loan have been fully deducted in advance from the amount received. The amount withdrawn is to be repaid in quarterly installments. The long-term loan is denominated in Saudi riyals.

On 28 October 2020, the Company reached an agreement to reschedule the loan installments, including additional financing charges amounting to SR 3,216,731 to be paid during the new loan period. Accordingly, the quarterly installments were reduced and the loan repayment period was extended until 15 October 2024.

The Group had the following outstanding balances relating to this loan as at 31 December:

	2021	2020
	SR	*SR*
Long-term loan	**23,415,007**	27,415,007
Less: deferred finance costs	**(3,096,269)**	(4,947,772)
Net	**20,318,738**	22,467,235
Less: current portion	**(6,000,000)**	(4,000,000)
Non-current portion	**14,318,738**	18,467,235

16 LONG-TERM LOAN (continued)

The maturity profile for long-term loan is as follows as on December 31:

	2021	2020
	SR	*SR*
2021	**-**	4,000,000
2022	**6,000,000**	6,000,000
2023	**7,000,000**	7,000,000
2024	**10,415,007**	10,415,007
	23,415,007	27,415,007

17 EMPLOYEE TERMINATION BENEFITS

The movement in employees' termination benefits, a defined benefit plan, during the year is as follows:

	2021	2020
	SR	*SR*
1 January	**16,429,734**	17,590,155
Expense charged to profit or loss	**1,590,356**	1,946,858
Actuarial remeasurement charged to OCI	**(92,725)**	2,233,473
Payments	**(2,489,052)**	(5,340,752)
31 December	**15,438,313**	16,429,734

The expense charged to profit or loss comprise of:

	2021	2020
	SR	*SR*
Current service cost	**1,355,465**	1,370,534
Interest cost	**234,891**	576,324
Cost recognized in profit or loss	**1,590,356**	1,946,858

Significant actuarial assumptions	**31 December 2021**	31 December 2020
Discount rate used	**2.60%**	1.85%
Salary increase rate	**4.25%**	3.75%
Rates of employee turnover	**High**	High

Sensitivity analysis of key actuarial assumptions are as follows:

	2021		2020	
	%	**SR**	%	SR
Discount rate				
Increase	**+ 0.5%**	**14,993,494**	+ 0.5%	15,918,758
Decrease	**- 0.5%**	**15,907,373**	- 0.5%	16,969,458
Salary growth rate				
Increase	**+ 0.5%**	**15,897,491**	+ 0.5%	16,956,693
Decrease	**- 0.5%**	**14,998,298**	- 0.5%	15,925,503

18 TRADE PAYABLES

	31 December 2021	31 December 2020
	SR	*SR*
Account payable	**8,019,907**	13,762,969
Accrued expenses	**2,371,673**	1,373,162
Accrued employees benefits	**4,366,063**	5,343,518
Dividends payable	**63,439**	63,439
Other credit balances	**1,576,662**	1,372,961
	16,397,744	21,916,049

19 ZAKAT AND INCOME TAX

Basis for Zakat:

The Company is subject to zakat. Zakat is payable at 2.5% of the approximate zakat base or adjusted net profit, whichever is higher. The most important components of the zakat base according to the zakat regulations consist mainly of equity, provisions, long-term loans and adjusted net profit minus the net book value of non-current assets. The subsidiary is subject to income tax, which is payable at 22.5% of the taxable net profit.

Zakat and income taxes charged to the consolidated statement of profit or loss:

	2021	2020
	SR	*SR*
Current zakat	**-**	-
Current income tax	**-**	478,079
Adjustments in respect of zakat and income tax for previous years	**470,971**	714,053
	470,971	1,192,132

The movement in the zakat and income tax payable was as follows:

	2021	2020
	SR	*SR*
1 January	**662,509**	-
Charge for the year	**470,971**	1,192,132
Payments	**(923,614)**	(529,623)
31 December	**209,866**	662,509

Outstanding assessments

Raydan Food Company

The Company finalized its zakat assessments until 31 December 2020.

The company submitted its zakat returns for the years ending on December 31 from inception until 31 December 2020, and zakat certificates were received, and a preliminary assessment was received for these years.

Raydan Kitchens and Restaurants Egypt

- Income taxes: the Company has not been inspected.

20 REVENUE FROM CONTRACTS WITH CUSTOMERS

	2021	2020
Detailed information on revenues by geographical areas:	***SR***	*SR*
Western region	**125,999,990**	121,498,979
Central region	**-**	563,702
Eastern region	**2,406,777**	3,706,574
Other	**2,761,276**	2,046,321
	131,168,043	127,815,576

21 SELLING AND MARKETING EXPENSES

	2021	2020
	SR	*SR*
Advertising	**518,726**	1,493,606
Marketing, hospitality and public relations expenses	**1,717,975**	1,380,492
Others	**317,847**	274,349
	2,554,548	3,148,447

22 GENERAL AND ADMINISTRATIVE EXPENSES

	2021	2020
	SR	*SR*
Employee benefits	**13,457,291**	13,064,983
Credit losses on advances to suppliers	**1,469,855**	-
Depreciation and amortization	**484,435**	1,220,413
Electricity, water and other utilities	**641,890**	1,059,207
Board remuneration	**488,000**	400,000
Repair and maintenance	**38,491**	83,555
Professional and consultancy fees	**1,739,848**	1,136,136
Bank Charges	**534,181**	-
Governmental expenses	**1,189,941**	992,104
Others	**810,548**	377,675
	20,854,480	18,334,073

23 OTHER OPERATING INCOME, NET

	2021	2020
	SR	*SR*
Rental income from sweets section	**2,125,000**	2,174,444
Security deposits for the non returned dishes	**324,469**	166,208
Leather sales	**90,202**	79,220
Loss from disposal of intangible assets	**-**	(617,256)
Others	**136,207**	247,078
	2,675,878	2,049,694

24 FINANCE COSTS

	2021	2020
	SR	*SR*
Accrual of deferred financing costs on a long-term loan	**1,851,503**	2,217,898
Unwinding of the discount on lease liabilities	**2,836,118**	3,469,128
Unwinding of provision for employee termination benefits	**234,891**	576,324
Long-term loan restructuring fees	**-**	100,000
	4,922,512	6,363,350
Less: Finance costs capitalized during the year (note 4)	**-**	(544,649)
	4,922,512	5,818,701

25 EMPLOYEE BENEFITS, DEPRECIATION, AMORTISATION AND RENT INCLUDED IN THE STATEMENT OF PROFIT OR LOSS

	2021	2020
Included in cost of sales:	***SR***	*SR*
Employees' benefits	**17,625,741**	18,978,886
Depreciation of property, plant and equipment	**10,822,277**	13,083,416
Amortization of intangible assets	**106,611**	4,860
Depreciation of right of use assets	**4,900,694**	7,712,833
Rent expense on short-term contracts	**496,009**	500,400
Included in selling and marketing expenses:		
Employees' benefits	-	-
Depreciation of property, plant and equipment	-	-
Amortization of intangible assets	-	-
Depreciation of right of use assets	-	-
Included in general and administrative expenses:		
Employees' benefits	**13,457,291**	13,064,983
Depreciation	**374,863**	1,220,413
Amortization of intangible assets	**109,572**	347,681
Depreciation of right of use assets	-	-

26 NON-CASH TRANSACTIONS

	2021	2020
Non- cash transactions during the year consists of:	***SR***	*SR*
Additions to right-of-use assets	**1,013,432**	3,400,936
Amortization of deferred finance cost	**1,851,503**	2,217,898
Unwinding of the discount on lease liabilities	**2,836,118**	3,469,128
Capitalized finance cost	-	544,649
Transfer from property, plant and equipment to assets held for sale	**9,003,147**	-

27 RELATED PARTIES DISCLOSURES

The following table provides the total amount of significant transactions that have been entered into with related parties along with the related balances as at 31 December:

		Rents / sales to related parties	Purchases from related parties	Amounts due from related parties	Amounts due to related parties
Sister Companies		**SR**	**SR**	**SR**	**SR**
Al-Jonah Sweets and	**2021**	**2,443,750**	**911,614**	**8,482,038**	**10,803,185**
Outside Catering Ltd.	2020	2,732,382	507,171	6,216,929	9,891,571
Farah hall for parties	**2021**	**1,073,245**	-	-	**358,545**
	2020	2,313,258	-	-	1,078,500
Shareholders					
Mansour Al-Sulami	**2021**	-	-	-	-
	2020	-	-	-	237,740
Total	**2021**			**8,482,038**	**11,161,730**
	2020			6,216,929	11,207,811

27 RELATED PARTIES DISCLOSURES (continued)

Compensation of key management personnel comprise from the following:

	2021	2020
	SR	*SR*
Short term employee benefits	**2,940,647**	3,111,285
Termination benefits	**179,994**	200,110
Total compensation to key management personnel	**3,120,641**	3,311,395

28 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Group have commitments related to capital expenditures that are related to prepare the Group's branches and restaurants with a value of SR 4.3 million as at 31 December 2021 (SR 1.2 million as at 31 December 2020).

29 BUSINESS SEGMENTS

The Group is divided into business segments according to the nature of their products and services for the purpose of managing them. The Group has the following business segments:

1- Traditional meals
2- Other sectors

The following is a summary of some of the financial information by business segments as at and for the years ended at 31 December 2021 and 2020, which have been summarized by business segments mentioned above:

As at 31 December 2021, and for the year then ended:

	Traditional meals	**Other segments**	**Total**
	SR	**SR**	**SR**
Revenue	**128,406,767**	**2,761,276**	**131,168,043**
Cost of revenue	**(137,648,592)**	**-**	**(137,648,592)**
Administrative expenses	**(20,854,480)**	**-**	**(20,854,480)**
Share of results of an associate	**-**	**(5,192,537)**	**(5,192,537)**
Others	**(9,695,939)**	**-**	**(9,695,939)**
Net loss	**(39,792,244)**	**(2,431,261)**	**(42,223,505)**
Capital expenditures	**3,926,950**	**-**	**3,926,950**
Investment in an associate	**-**	**61,625,341**	**61,625,341**
Total assets	**263,214,273**	**61,625,341**	**324,839,614**
Total liabilities	**116,919,297**	**-**	**116,919,297**

As at 31 December 2020, and for the year ended on that date:

	Traditional meals	Other sectors	Total
	SR	SR	SR
Revenue	125,769,255	2,046,321	127,815,576
Cost of revenue	(140,245,906)	-	(140,245,906)
Administrative expenses	(18,334,073)	-	(18,334,073)
Share of results of an associate	-	(3,481,623)	(3,481,623)
Others	(82,524,147)	-	(82,524,147)
Net loss	(115,334,871)	(1,435,302)	(116,770,173)
Capital expenditures	2,141,516	-	2,141,516
Investment in an associate	-	67,541,602	67,541,602
Total assets	222,551,642	67,541,602	290,093,244
Total liabilities	148,723,000	-	148,723,000

29 BUSINESS SEGMENTS (continued)

Geographical segments:

The Group operates mainly the western region of the Kingdom of Saud Arabia and also operates in other regions of the Kingdom of Saudi Arabia and the Arab Republic of Egypt. The following is a summary of some financial information according to geographical areas as at 31 December 2021, 2020 and for the years then ended:

	Western region	Other regions	Total
	SR	SR	SR
As at 31 December 2021, and for the year then ended:			
Revenue	**125,999,990**	**5,168,053**	**131,168,043**
Property, plant and equipment	**124,807,648**	**2,971,564**	**127,779,212**
As at 31 December 2020, and for the year then ended:			
Revenue	121,498,979	6,316,597	127,815,576
Property, plant and equipment	138,044,378	14,844,944	152,889,322

* Branches of Egypt were disposed from the other regions segments on 30 September 2021 (Note 11).

30 FAIR VALUES AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

30.1 Fair value measurements of financial instruments

As at 31 December 2021, the Group did not have any financial instruments measured at fair value (2020: none).

30.2 Risk Management of Financial Instruments

The Group's activities expose it to a variety of financial risks, credit risk, liquidity risk, market price risk, currency risk and the risk of change in interest rates.

Credit Risk:

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk on its due from related parties, trade receivables and bank balances as follows.

	31 December 2021	31 December 2020
	SR	*SR*
Trade Receivables	**3,331,492**	1,423,235
Due from related parties	**8,482,038**	6,216,929
Employees' receivables and other debit balances	**1,733,188**	2,320,469
Bank balances	**75,422,442**	4,614,606
	88,969,160	14,575,239

The carrying amount of financial assets represents the maximum credit exposure.

The Group manages credit risk in relation to due from related parties and trade receivables by setting credit limits for each customer and monitoring uncollected receivables on an ongoing basis. Debit balances are monitored so that the Group does not incur material bad debts.
Bank cash balances are maintained with high credit rating financial institutions.

Liquidity Risk:

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Following are the contractual maturities at the end of the reporting period of financial liabilities.

30 FAIR VALUES AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

30.2 Risk Management of Financial Instruments (continued)

Liquidity Risk (continued):

	31 December 2021			
	Carrying amount	**Less than 1 year**	**1 year to 5 years**	**More than 5 years**
Financial Liabilities	**SR**	**SR**	**SR**	**SR**
Long-term loan	**20,318,738**	**6,000,000**	**14,318,738**	**-**
Trade payables	**16,397,744**	**16,397,744**	**-**	**-**
Due to related parties	**11,161,730**	**11,161,730**	**-**	**-**
	47,878,212	**33,559,474**	**14,318,738**	**-**

	31 December 2020			
	Carrying amount	Less than 1 year	1 year to 5 years	More than 5 years
Financial liabilities	SR	SR	SR	SR
Long-term loan	22,467,235	4,000,000	18,467,235	-
Trade payables	21,916,049	21,916,049	-	-
Due to related parties	11,207,811	11,207,811	-	-
	55,591,095	37,123,860	18,467,235	-

Liquidity risk is managed by monitoring on a regular basis that sufficient funds and credit facilities are available to meet the Group's future commitments.

Market Risk:

Market price risk is the risk that value of a financial instrument will fluctuate as a result of changes in market prices, such as foreign exchange rates and interest rates, and will affect the Group's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency Risk:

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that's not the Group's functional currency. The Group exposure to foreign currency risk is primarily limited to transactions in United State Dollars ("USD") and Egyptian Pound. The Group's management believes that their exposure to currency risk associated with USD is limited as Saudi Riyal currency is pegged to USD. The fluctuation in exchange rates against other currencies is monitored on a continuous basis.

Interest Rate Risk

Interest rate risk is the exposure associated with the effect of fluctuations in the prevailing interest rates on the Group's consolidated financial position and cash flows. As at 31 December 2021 the Group did not have any floating rate financial assets or liabilities (2020: nil).

The long-term loan carries a fixed interest rate.

31 SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements:

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the consolidated financial statements of the Company and its subsidiaries.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company directly or indirectly has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- Any contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Company's voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the shareholders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

31 SIGNIFICANT ACCOUNTING POLICIES (continued)

CURRENT VERSUS NON-CURRENT CLASSIFICATION (continued)

A liability is current when:

- It is expected to be settled in the 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

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

FOREIGN CURRENCIES

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group at the spot rate ruling at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e., the translation differences on items whose fair value gain or loss is recognized in profit or loss.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Saudi Riyals at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

PROPERTY, PLANT AND EQUIPMENT

Plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any, construction work in progress are not depreciated. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Repair and maintenance costs are recognized in profit or loss as incurred.

Land and buildings are measured at cost, less accumulated depreciation on buildings, and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- Buildings: 20 years
- Leasehold improvements: 5 to 7 years
- Operating machinery and equipment: 5 to 10 years
- Vehicles: 4 to 5 years
- Furniture and fixtures: 5 to 10 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

31 SIGNIFICANT ACCOUNTING POLICIES (continued)

INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets are not capitalized and expenditure is recognized in the statement of profit or loss when it is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss when the asset is derecognized.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

LEASES

The determination of whether an arrangement is, or contains, a lease is decided at the inception date. An arrangement is, or contains, a lease if it grants the right to control a particular asset or assets for a period of time in exchange for compensation.

Group as a lessee

A- Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognized right-of-use assets are depreciated on a straight-line basis over its estimated useful life.

B- Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

31 SIGNIFICANT ACCOUNTING POLICIES (continued)

LEASES (continued)

Group as a lessee (continued)

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

C- Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low value assets are items that do not meet the Group's capitalization threshold and are considered to be insignificant for the consolidated statement of financial position for the Group as a whole. Payments for short-term leases and leases of low value assets are recognized on a straight-line basis in the consolidated statement of profit or loss.

Group as a lessor

Leases where the Group does not substantially transfer all risks and rewards of ownership are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue once they are earned.

INVESTMENT IN ASSOCIATES

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the subsidiary.

The consolidated financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the loss as 'Share of profit of an associate in the consolidated statement of profit or loss.

Upon loss of significant influence, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the investment upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal is recognized in profit or loss.

31 SIGNIFICANT ACCOUNTING POLICIES (continued)

IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the consolidated statement of profit or loss in those expense categories consistent with the function of the impaired asset. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Such reversal is recognized in the consolidated statement of profit or loss.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The Group classifies non-current assets of discontinued operations and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and Disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or Disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as assets held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

INVENTORIES

Inventories are valued at the lower of cost and net realizable value. Cost is calculated based on the weighted average prices.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

31 SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL ASSETS (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at amortized cost

After initial measurement, financial assets at amortized cost are measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in the consolidated statement of profit or loss when the asset is derecognized, modified or impaired.

Derecognition

A financial asset is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

STATUTORY RESERVE

As required by the Saudi Arabian Regulations for Companies, the Company transfers 10% of its profit for the year to the statutory reserve until the reserve equals 30% of capital. The reserve is not available for distribution as dividends.

31 SIGNIFICANT ACCOUNTING POLICIES (continued)

PROVISIONS

General

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

EMPLOYEE TERMINATION BENEFITS

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described below:

Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statement of profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether or not the Group is billed.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Offsetting financial instruments

Offsetting is made between financial assets and financial liabilities with the net amount being shown in the consolidated statement of financial position in the event that there is a right guaranteed by law to set off the amounts recognized, and there is an intention to settle with the net or to realize the assets and settlement of liabilities at the same time.

31 SIGNIFICANT ACCOUNTING POLICIES (continued)

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from sales of food and beverage

Revenue is recognized when the invoice is issued and the meals are delivered to customers, revenue is shown net of commercial discount.

Franchise revenue

Franchise revenue consists of sales percentages and initial franchise fees.

Percentages are calculated from the total sales of the franchise agent based on the percentages agreed in the franchise contract and are recognized at a specific point in time. The initial fees are recognized equally over the term of the concession contract.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets.

OPERATION SEGMENT

A segment is a separate and distinct part of the Group that engages in business activities from which it earns revenue or incurs expenses. The operating segments are disclosed on the basis of internal reports that are reviewed by the chief operating decision-maker, who is the person responsible for allocating resources, evaluating performance and making strategic decisions about the operating segments. The operating segments that show similar economic characteristics, products, services, and similar customer categories are grouped and recorded whenever possible as reportable sectors.

EXPENSES

Expenses related to operations are allocated on a consistent basis to cost of sales, selling and marketing expenses and general and administration expenses in accordance with consistent allocation factors determined as appropriate by the Group.

ZAKAT AND TAX

Zakat and income tax

The Group provide for zakat and income tax in accordance with the regulations of the authorities in the areas which it operate. The provision is charged to the consolidated statement of profit or loss.

Uncertain zakat and tax positions

Differences that may arise at the finalization of an assessment are accounted for when the assessment is finalized with the authorities.

Value added tax

Revenues, expenses and assets are recognized net of the amount of value added tax, except:

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

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

32 RESTATEMENT OF COMPARATIVE FIGUERS

The comparative figures have been restated as follows:

A) The Associate issued its audited financial statements for the year ended 31 December 2020 on 30 September 2021. These financial statements showed additional losses amounting to 1,118,076 in excess of what was recognized by the Group for the year ended 31 December 2020.

B) During the year, the Group discovered that there were accounting errors in the financial statements of the associated company amounting to SR 680,310 related to the year ended 31 December 2020, and these errors were corrected and recorded in the profit and loss for that year.

C) During the year, the Group discovered that there were accounting errors in the financial statements of the associated company amounting to SR 11,099,440 related to periods before 1 January 2020, and these errors were corrected and recorded in accumulated losses as at 1 January 2020.

D) During March 2022 , the management performed an impairment test for property, plant and equipment and right of use asset as at 31 December 2020 (note 4). Which resulted in an adjustment on the year ended 31 December 2020 as a result of recording additional impairment in property, plant and equipment and right of use assets amounting to SR 14,1 million and SR 17,5 million, respectively.

Further, the comparative figures as at 1 January 2020 have been restated as follows:

	Before restatement	Restatement	**After restatement**
	SR	SR	**SR**
Investment in an associate (C)	82,122,665	**(11,099,440)**	**71,023,225**
Retained earnings (C)	18,519,682	**(11,099,440)**	**7,420,242**

Therefore, the comparative figures as at 31 December 2020 have been restated as follows:

	Before restatement	Restatement	**After restatement**
	SR	SR	**SR**
Property, plant and equipment (D)	166,990,467	(14,101,145)	**152,889,322**
Right of use assets (D)	66,438,649	(17,531,713)	**48,906,936**
Investment in an associate (A,B,C)	80,439,428	(12,897,826)	**67,541,602**
Accumulated losses (A,B,C,D)	(67,041,225)	(12,897,826)	**(79,939,051)**

The loss for the year ended 31 December 2020 has also been adjusted as follows:

	Before restatement	Restatement	**After restatement**
	SR	SR	**SR**
Impairment of property, plant and equipment (D)	(21,588,534)	(14,101,145)	**(35,689,679)**
Impairment of right of use assets (D)	-	(17,531,713)	**(17,531,713)**
Share of results in an associate (A,B)	(1,683,237)	(1,798,386)	**(3,481,623)**
Loss for the year (A,B,D)	(83,338,929)	(33,431,244)	**(116,770,173)**
Basic and diluted loss per share:	3.70	1.49	**5.19**

The effect of the above adjustments in the consolidated statement of cash flows is for non-cash transactions and accordingly separate disclosures has not been added.

33 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective. The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

- Amendments to IFRS 1 "First-time adoption of IFRS" regarding initial application by a subsidiary.
- Amendments to IFRS 3 "Business Combinations" regarding remarks to the conceptual framework.
- Amendments to IFRS 9 "Financial instruments" regarding fees in the 10% test to eliminate the derecognition of financial obligations.
- IFRS 17 Insurance Contracts.
- Amendments to IAS 1 "Presentation of financial statements" regarding the classification of financial liabilities between current and non-current.
- Amendments to IAS 16 "Property, plant and equipment" regarding proceeds before the asset is ready.
- Amendments to IAS 37 "Provisions, contingent liabilities and contingent assets" regarding the cost of onerous contracts.
- Amendments to IAS 41 "Agriculture" regarding taxes on fair value measurement.
- Definition of Accounting Estimates (Amendments to IAS 8).

34 DATE OF AUTHORIZATION OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were authorized for issue by the Company's board of directors on 27 Shaaban 1443H corresponding to 30 March 2022.