RAYDAN FOOD COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

RAYDAN FOOD COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF RAYDAN FOOD COMPANY

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (1/6)

OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Raydan Food Company (the "Company") and its subsidiaries (together referred to as "The Group") as at 31 December 2022, and its financial performance and its 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 issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

We have audited the financial statements of the Company, which comprise of the following:

- The consolidated statement of financial position as at 31 December 2022;
- The consolidated statement of profit or loss and other comprehensive income for the year then ended
- The consolidated statement of changes in shareholders' equity for the year then ended;
- The consolidated statement of cash flows for the year then ended, and;
- Notes to the consolidated financial statements for the year then ended including summary of significant according polices;

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 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.

OTHER MATTER

The financial statements for the year ended 31 December 2021 were reviewed by another auditor, who expressed an unmodified opinion on these financial statements on 27 Shabaan 1443H corresponding to 30 March 2022.

KEY AUDIT MATTERS

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

Key Audit Matters	How we dealt with key audit matters during the audit
Impairment assessment of property, plant, and equipment	
As at 31 December 2022, the Company had property, plant and equipment with a net book value of SR 131,278,056 (2021: SR 127,779,212). At the date of each financial reporting, the Group reviews the impairment of the carrying value of these assets in light of any existing events or new changes in circumstances indicating the possibility of not recovering the carrying value. Management is required to determine the recoverable amount, which represents the highest value between value in use and the fair value less costs of disposal, Management is required to determine and evaluate the recoverable amount of each asset or cash-generating unit to which the asset belongs. The recoverable amount used is based on the management's view of the main internal inputs that determine the value and also the external market conditions, which include, for example, the prices of future products as mentioned in the approved budget. It also requires management to make estimates of growth rates after the approval of the budget period and to determine the most appropriate discounting rate. We considered the potential impairment of property, plant and equipment as a key audit matter because the assessment involves a significant degree of management's judgement and estimates in determining the key assumptions stated above. The accounting policy for property plant and equipment is explained in note 4 and the details of property plant and equipment are presented in note 6.	Our audit procedures included: - We reviewed the appropriateness of management's determination of CGUs, based on the requirements of International Accounting Standard ("IAS") 36 'Impairment of Assets', that is endorsed in the Kingdom of Saudi Arabia. - We reviewed management's procedures in identifying impairment indicators in respect of the related CGUs for property, plant and equipment. - We evaluated the reasonableness of management's assumptions and estimates in determining the recoverable amount of the Group's property, plant and equipment. - We considered the appropriateness of the related accounting policies and disclosures in the consolidated financial statements.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matters	How we dealt with key audit matters during the audit
Revenue Recognition- Revenues	
With reference to the accounting policy related to revenue recognition, the groups revenues for the year ending on 31 December 2022 amounted to net SR 159,177,603 (2021: SR 131,168,043). Revenue recognition is a key audit matter because of the following: - Transaction volume increased. - The professional standards on auditing assume that there is a significant risk of revenue recognition. - The accounting policy for how revenue is realized is explained in Note 4, and details of revenue are presented in Note 25.	Our audit procedures included: - Evaluate the design, implementation and testing of the effectiveness and efficiency of control systems related to the revenue cycle - Inspected a sample of sales transactions taking place before and after the year-end to assess whether revenue was recognized in the correct accounting period. - Perform documentary examination tests and analytical procedures.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the Group annual report, other than the financial statements and our auditors report thereon. The annual report is expected to be made available to us after the date of this auditor report.

Our opinion on the financial statements doesn't cover the other information and we don't express any form of assurance or conclusion thereon.

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

When we read the annual report, and conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The company's management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards ("IFRS") endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and the Regulations for Companies, and responsible for the internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 group's management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF RAYDAN FOOD COMPANY

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the group's management.

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

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

- Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group, to express an opinion on the consolidated financial statements. we are responsible for directing, supervising and carrying out the group review process. We remain solely responsible for the audit opinion.

We communicated 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 provided 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, related safeguards.

From the matters communicated with those charged with governance, we determined those matters were of most significance in the audit of the financial statements for the current period, and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matters 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.

TO THE SHAREHOLDERS OF RAYDAN FOOD COMPANY
REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (6/6)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on the information that has been made available to us while performing our audit procedures, nothing has come to our attention that causes us to believe that the Group is not in compliance, in all material respects, with the applicable requirements of the Regulation for Companies in the Kingdom of Saudi Arabia and the Company's By-laws in so far as they affect the preparation and presentation of the financial statements.

For Al-Bassam & Co.

البسام وشركاؤه
محاسبون قانونيون
رقم الترخيص ٥٢٠/١١/٣٢٣
C.R.1010385804
license 520/11/323
Al-Bassam & Co.
Certified Public Accountants

Ahmed Abdulmajeed Mohandis
Certified Public Accountant
License No. 477
Jeddah: 7 Ramadan1444H
Corresponding to: 29 March 2023

RAYDAN FOOD COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022
(Expressed in Saudi Arabian Riyals)

	Note	31 December 2022	31 December 2021
Assets			
Non-current assets			
Property, plant and equipment	6	**131,278,056**	127,779,212
Intangible assets	7	**127,569**	135,160
Right-of-use assets	8	**33,331,211**	35,590,920
Investment in company by equity method	9	**57,363,516**	61,625,341
Total non-current assets		**222,100,352**	225,130,633
Current assets			
Inventories	10	**4,314,848**	2,360,691
Trade receivables, net	11	**5,883,593**	3,331,492
Assets held for sale	14	**8,328,290**	3,200,000
Due from related parties	32	**5,820,105**	8,482,038
Prepayments and other receivables	12	**7,046,111**	6,146,376
Cash and cash equivalents	13	**27,465,154**	76,188,384
Total current Assets		**58,858,101**	99,708,981
Total Assets		**280,958,453**	324,839,614
Shareholders' equity and liabilities			
Shareholders' Equity			
Share capital	15	**158,084,670**	337,500,000
Statutory reserve	17	**27,413,798**	27,413,798
Accumulated losses		**(927,380)**	(157,504,107)
Foreign currency translation Reserve		**419,407**	508,314
Total equity attributable to shareholders of the Group		**184,990,495**	207,918,005
Non-controlling interests		**3,452**	2,312
Total equity		**184,993,947**	207,920,317
Liabilities			
Non-current liabilities			
Lease liabilities- Non-current portion	19	**43,125,350**	44,099,371
Long term loans- Non-current portion	20	**8,756,948**	14,318,738
End of service benefits	21	**12,360,015**	15,438,313
Total non-current liabilities		**64,242,313**	73,856,422
Current liabilities			
Lease liabilities– current portion	19	**6,197,186**	9,293,535
Long-term loans – current portion	20	**7,000,000**	6,000,000
Trade payables		**8,646,384**	8,021,100
Due to related parties	32	**2,591,151**	11,161,730
Accrued expenses and other payables	22	**6,043,337**	8,376,644
Provision for potential claims	23	**312,508**	-
Accrued zakat	23	**931,627**	209,866
Total Current liabilities		**31,722,193**	43,062,875
Total Liabilities		**95,964,506**	116,919,297
Total Shareholders' Equity and liabilities		**280,958,453**	324,839,614

Chief Financial Officer   Chief Executive Officer   Vice Chairman

The accompanying notes form an integral part of this consolidated financial statement

الرقم الموحد ٩٢٠٠٠٠٠٤٣
الإدارة العامة: جدة - شارع الأمير متعب - هاتف: ٦٧٨١١٧٧ - ٦٧٨٢٢٧٧ - فاكس: ٦٧٨٠٥٠٥

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in Saudi Arabian Riyals)

	Note	2022	2021
Revenue	25	**159,177,603**	131,168,043
Cost of revenue	26	**(152,694,949)**	(137,374,571)
Gross Loss		**6,482,654**	(6,206,528)
Selling and marketing expenses	27	**(3,270,975)**	(2,554,548)
General and Administrative expenses	28	**(17,638,335)**	(21,128,501)
Reversal / Impairment loss on property ,plant and equipment	6	-	2,280,215
Reversal / Impairment loss on right of use assets	8	**1,377,965**	3,370,097
Loss on disposal of property, plant and equipment	6	**(2,422,834)**	(6,815,555)
Profit from disposal of right of use assets	8	**175,544**	4,150,152
Other operating income	29	**1,866,232**	2,675,878
Other operating expenses		**(813,572)**	-
Operation Profit/ (loss)		**(14,243,321)**	(24,228,790)
Share of result in an associate		**(5,213,062)**	(5,192,537)
Finance Costs	30	**(3,975,311)**	(4,922,512)
Currency valuation differences		**(258,218)**	-
Loss before zakat and income tax		**(23,689,912)**	(34,343,839)
Zakat And Income Tax	24	**(931,627)**	(470,971)
Net loss		**(24,621,539)**	(34,814,810)
Discontinued operations:			
Loss from discontinued operations, after income tax		-	(7,408,695)
NET LOSS AFTER ZAKAT AND INCOME TAX		**(24,621,539)**	(42,223,505)
Other comprehensive income(OCI):			
OCI that may be reclassified to profit or loss subsequently:			
Exchange differences on translation of foreign operations		**(88,907)**	(1,673)
OCI that will not be reclassified to profit or loss subsequently			
Remeasurement of defined benefits liability	21	**831,544**	92,725
Share of other comprehensive income from associate	9	**951,237**	(723,724)
Other comprehensive loss		**1,693,874**	(632,672)
Total comprehensive loss		**(22,927,665)**	(42,856,177)
Attributable to:			
- The group's shareholders		**(24,621,384)**	(42,207,449)
- Non-controlling interests		**(155)**	(16,056)
		(24,621,539)	(42,223,505)
Attributable to:			
- The group's shareholders		**(22,927,510)**	(42,836,791)
- Non-controlling interests		**(155)**	(19,386)
		(22,927,665)	(42,856,177)
Basic and diluted losses per share:			
From continued operation	18	**(0.83)**	(1.32)
From net loss	18	**(0.83)**	(1.60)

Chief Financial Officer   Chief Executive Officer   Vice Chairman

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 2022
(Expressed in Saudi Arabian Riyals)

	Owner equity attributable to shareholder of the company						
	Share capital	Statutory reserve	Accumulated losses	Foreign currency translation Reserve	Total equity attributable to shareholders of the Group	Non-controlling interests	Total equity
For the year ended 31 December 2021							
At 1 January 2021	225,000,000	27,413,798	(111,571,909)	506,657	141,348,546	21,698	141,370,244
Loss for the period	-	-	(42,207,449)	-	(42,207,449)	(16,056)	(42,223,505)
Other comprehensive losses	-	-	(630,999)	1,657	(629,342)	(3,330)	(632,672)
Total comprehensive losses for the period	-	-	(42,838,448)	1,657	(42,836,791)	(19,386)	(42,856,177)
Increase in capital Note.14	112,500,000	-	-	-	112,500,000	-	112,500,000
Transaction cost related to capital increase	-	-	(3,093,750)	-	(3,093,750)	-	(3,093,750)
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 2022							
Balance as at 1 January 2022	**337,500,000**	**27,413,798**	**(157,504,107)**	**508,314**	**207,918,005**	**2,312**	**207,920,317**
Adjustments to non-controlling interests	-	-	-	-	-	**1,295**	**1,295**
Loss for the period	-	-	**(24,621,384)**	-	**(24,621,384)**	**(155)**	**(24,621,539)**
Other comprehensive losses	-	-	**1,782,781**	**(88,907)**	**1,693,874**	-	**1,693,874**
Total comprehensive losses for the period	-	-	**(22,838,603)**	**(88,907)**	**(22,927,510)**	**(155)**	**(22,927,665)**
Decrease in share capital	**(179,415,330)**	-	**179,415,330**	-	-	-	-
At 31 December 2022	**158,084,670**	**27,413,798**	**(927,380)**	**419,407**	**184,990,495**	**3,452**	**184,993,947**

Chief Financial Officer   Chief Executive Officer   Vice Chairman

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

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RAYDAN FOOD COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in Saudi Arabian Riyals)

	2022	2021
Operating activities		
loss for the year	**(23,689,912)**	(41,752,534)
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	**8,317,336**	11,197,140
Depreciation of right of use assets	**3,371,128**	4,900,694
Impairment of assets held for sale	**-**	5,803,147
Reversal / Impairment loss on property, plant and equipment	**-**	(2,280,215)
Amortization of intangible assets	**250,140**	216,183
Finance cost incurred	**3,718,646**	4,922,512
loss from disposal PPE	**2,422,834**	8,244,655
Reversal / Impairment gain on right of use assets	**(1,377,965)**	(3,370,097)
Share from investment in company by shareholder equity method	**5,213,062**	5,192,537
Employee termination benefits incurred	**1,539,276**	1,355,465
(profit)/loss from lease contract termination	**(175,544)**	(4,150,152)
Allowance for expected credit losses	**123,082**	-
Provision for potential claims	**312,508**	-
Reversal of Doubtful debts	**(1,469,855)**	-
Cash flow used and operating activities	**(1,445,264)**	(9,720,665)
Changes in working capital		
Inventory	**(1,954,157)**	278,172
Trade receivables	**(2,675,183)**	(1,908,257)
Due from related parties	**2,661,933**	(2,265,109)
Prepayments and other receivables	**(899,735)**	(1,403,478)
Accrued expenses and other payable	**(2,333,307)**	1,199,742
Trade payable	**625,284**	(6,718,047)
Due to related parties	**(8,570,579)**	(46,081)
	(14,591,008)	(20,583,723)
Employee termination benefits paid	**(3,786,030)**	(2,489,052)
Zakat and income tax paid	**(209,866)**	(923,614)
Net cash flow used in operating activities	**(18,586,904)**	(23,996,389)
Investing activities		
Purchase of property, plant and equipment	**(29,296,830)**	(3,926,950)
Purchase of intangible assets	**(242,549)**	-
Assets held for sale	**(5,128,290)**	-
Proceeds from sale of property, plant and equipment	**15,057,816**	2,872,333
Net cash flow (used in) from investing activities	**(19,609,853)**	(1,054,617)
Financing activities		
Repayment of long-term Loan	**(4,613,900)**	(4,000,000)
Repayment of lease liability	**(5,823,666)**	(9,547,303)
Capital Increase	**-**	112,500,000
Transaction cost related to capital increase	**-**	(3,093,750)
Net cash flow (used in)\ Generated from financing activities	**(10,437,566)**	95,858,947
Net change in cash and cash equivalents	**(48,634,323)**	70,807,941
Cash and cash equivalents at the beginning of the year	**76,188,384**	5,382,116
foreign currency translation impact on cash and cash equivalent	**(88,907)**	(1,673)
Cash and cash equivalents at the end of the year	**27,465,154**	76,188,384

الرقم الموحد ٩٢٠٠٠٠٠٤٣
الإدارة العامة: جـدة - شارع الأمير متعب - هاتف: ٦٧٨١١٧٧ - ٦٧٨٢٢٧٧ - فاكس: ٦٧٨٠٥٠٥

Consolidated Statement of Cash Flows (Unaudited) (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in Saudi Arabian Riyals)

	2022	2021
Non-cash transactions		
Purchase of right of use assets	**4,702,469**	1,013,432
Amortization of prepaid financing expenses	**1,438,210**	1,851,503
Cancellation of the discount on lease liabilities	**-**	2,836,118
Amortization of accumulated capital losses	**179,415,330**	-
Transfer of assets to held for sale	**8,328,290**	9,003,147

Chief Financial Officer | Chief Executive Officer | Vice Chairman

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

الرقم الموحد ٩٢٠٠٠٠٠٤٣
الإدارة العامة: جدة - شارع الأمير متعب - هاتف: ٦٧٨١١٧٧ - ٦٧٨٢٢٧٧ - فاكس: ٦٧٨٠٥٠٥

1. ORGANISATION AND ACTIVITIES

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 11Jumada II 1429H corresponding to 15 June 2008.

On 26 February 2017, the Group 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 Group 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 5 May 2021, the Capital Market Authority approved the group’s capital increase request by an amount of SR 112.5 million by issuing priority rights shares, bringing the group’s capital to SR 337.5 million. And it was completed the process of offering and increasing capital on 25 August 2021.

And based on the meeting of the Extraordinary General Assembly of the Group held on 9 Rabi’ al-Awwal 1444H, corresponding to 5 October 2022, it was approved to reduce the group’s capital from SR 337,500,000 to become after the reduction by SR 158,084,670 by amortizing the amount of accumulated losses until 30 June 2022, which amounted to SR 179,415,330, with 53.16% of the group's capital. The statutory procedures to reduce the capital are being completed. Accordingly, the accompanying consolidated financial statements have been approved on the assumption that the Group will continue to operate in accordance with the going concern principle.

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

The headquarters of the Group's general administration is located in Jeddah - Prince Miteb Street.

The consolidated financial statements include the following assets, liabilities and activities of the Group and its subsidiaries:

Branch CR number	Location	Date
4030212391	Jeddah	8 Jumada Al-Thani 1432H
4030212394	Jeddah	8 Jumada Al-Thani 1432H
4030212441	Jeddah	11 Jumada Al-Thani 1432H
4030212445	Jeddah	11 Jumada Al-Thani 1432H
4030212448	Jeddah	11 Jumada Al-Thani 1432H
4030212449	Jeddah	11 Jumada Al-Thani 1432H
4030212451	Jeddah	11 Jumada Al-Thani 1432H
4030263433	Jeddah	14 Rabi` Al-Awwal 1435H
4030263437	Jeddah	14 Rabi` Al-Awwal 1435H
4030279638	Jeddah	7 Rabi` Al-Awwal 1436H
4030280791	Jeddah	11 Jumada Al-Awwal 1436H
4031098223	Makkah	6 Rabi Al-Awwal 1438H
4031212516	Makkah	3 Jumada Al-Thani 1439H
4603149025	Alqunfatha	13 Shaban1440H
4650083053	Al Madinah Almonawra	25Muharrm1439H

1. ORGANISATION AND ACTIVITIES (CONTINUED)

The consolidated financial statements include the accounts of the Group and its subsidiary (hereinafter referred to as the "Group") as follows:

Subsidiary name	Country of incorporation	Direct ownership	Main Activities
Raydan Kitchens and Restaurants Egypt (Limited liability Company)	Egypt	99%	Setting up and operating fixed restaurants to sell and provide ready meals and real estate investment

The group's management signed an agreement with Al-Raya Limited Company for Restaurants (a company registered in the Arab Republic of Egypt) on 22 Safar 1443H, corresponding to 29 September 2021, according to which it sold the group's branches in the Arab Republic of Egypt. Accordingly, the results of related operations have been reclassified to the item of discontinued operations (note 13).

2. BASIS OF PREPERATION

2-1 Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

2-2 Basis of Measurement

The financial statements have been prepared on the historical cost basis, except for the employee-defined benefit obligation "End of service benefits provision" which has been actuarially valued using the Projected Unit Credit Method and investment at fair value through OCI and the going concern principle.

2-3 Functional Currency

The financial statements are presented in Saudi Riyal (SAR), which is also the functional and presentational currency of the Company.

2. BASIS OF PREPARATION (CONTINUED)

2-4 Standards, interpretations, and amendments to existing standards

Amendments

A number of new amendments to standards, enlisted below, are effective this year but they don’t have a material effect on the company’s financial statements, except for where referenced below:

Amendments to standards	description	Effective for annual periods from or after	Summary of amendments
IAS 37	Contracts expected to be lost Contract performance costs	1 January 2022	* The amendments specify that the contract "cost of execution" includes costs directly related to the contract. These amendments apply to contracts in which KOTC has not fulfilled all of its obligations from the very first period of KOTC's application.
IFRS 16, IFRS 9, IAS 41 and IFRS 1	Annual amendments to the International Standards of the Financial Report 2018-2020	1 January 2022	* International Standard for Financial Report No. 16: The amendment removes the clarification of repayment for rental property improvements. * IFRS 9: The amendment clarifies that in applying the "10 per cent" test to assess whether recognition of a financial obligation will be revoked, the enterprise only includes fees paid or received between the enterprise (borrower) and the lender. The amendment shall be applied with future effect to modifications and exchanges occurring on or after the date on which the amendment is first applied by the enterprise. * IAS 41: The amendment eliminates IAS 41 for enterprises to exclude tax cash flows when measuring fair value. * IFR1: The amendment allows an additional exemption for the subsidiary to become applicable for the first time after the parent Group with respect to the accounting of cumulative translation differences.
IAS 16	Property, machinery and equipment - revenues before intended use	1 January 2022	* The amendments prohibit deduction from the cost of any item of property, machinery and equipment any proceeds from the sale of items produced prior to such asset becoming available for use. In addition, the amendments also clarify the meaning of "testing whether an asset is working properly."
IFRS 3	financial report’s Framework of concepts	1 January 2022	* The entire amendment to the International Standard for the Preparation of Financial Report No. 3 has been updated to refer to the conceptual framework for 2018 instead of 1989.

2. BASIS OF PREPARATION (CONTINUED)

2-4 Standards, interpretations, and amendments to existing standards (continued)

New standards, interpretations and amendments on issued standard but not effected yet
The Group has not applied the new and revised IFRSs and the following amendments to IFRSs that have been issued but not yet effective.

Amendments to standards	description	Effective for annual periods from or after	Summary of amendments
IFRS 17	Insurance Contracts	1 January 2023	This is the new comprehensive accounting standard for insurance contracts covering recognition, measurement, presentation and disclosure. Once in force, IFRS 17 (together with its subsequent amendments) will replace IFRS 4 with insurance contracts (IFRS 4) issued in 2005.
IAS 1	Classification of liabilities as current or non-current	1 January 2023	The amendment clarified what is meant by the right to defer settlement, that the right to defer must exist at the end of the report period, and that this classification is not affected by the likelihood of the enterprise exercising its right to defer only if the derivatives in a transferable obligation are itself an instrument of property rights and the terms of the obligation will not affect its classification.
IAS 1 and Practice Guidance No. 2	Disclosure of accounting policies	1 January 2023	This amendment deals with assisting enterprises in identifying accounting policies that must be disclosed in financial statements.
IAS 8	Modification of the definition of accounting estimate	1 January 2023	These adjustments regarding the definition of accounting estimates to help enterprises distinguish accounting policies from accounting estimates.
IAS 12	income tax	1 January 2023	This amendment addresses an explanation regarding the accounting of deferred taxes on transactions such as leases and decommissioning obligations.
Amendment to IFRS 10 and IAS 28	Sale or contribution of assets between investor and partner or joint venture	does not apply	Amendments to IFRS 10 and IAS 28 deal with situations where the sale or contribution of assets is between an investor and his or her fellow company or joint venture. Specifically, the amendments provide that gains or losses resulting from loss of control over a subsidiary.

Management expects that the interpretations and amendments to these new standards will be adopted in the Company's financial statements when applicable, and the application of such interpretations and amendments may not have any material impact on the Company's financial statements in the initial recognition period.

3. BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of Raydan Food Company (the "Company" or "Parent Company") and its subsidiary (together referred to as the "Group") as of 31 December 2022. The date of the financial statements for the subsidiary is 31 December.

Subsidiaries are those companies over which the parent company has control. The control is realized when the Group is exposed to or has the right to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns.

A parent Company controls an investee company if it has all three of the following elements:

- Power over the entity
- Exposure, or rights, to variable returns from its involvement with the entity; and
- The ability to use its power over the entity to influence the amount of the entity's returns.

When the Parent Company does not have a majority of the voting rights in an investee, the Parent Company considers other facts and factors when assessing control, including:

- The contractual arrangements between the parent company and the other vote holders of the investee company.
- The parent company is voting rights.
- Other potential voting rights.

The consolidated financial statements include the financial statements of subsidiaries acquired or sold from the date on which effective control commences until that control effectively ceases.

The financial statements of the subsidiaries are compiled on a line-by-line basis by adding similar items of assets, liabilities, income and expenses. All intercompany balances and transactions, including unrealized gains or losses arising from intra-group transactions, are eliminated in full. Consolidated financial statements should be prepared using uniform accounting policies for like transactions and other events in like circumstances.

The financial statements of the subsidiaries are prepared for the same date or within three months of the date of the parent company's financial statements period, using consistent accounting policies.

Adjustments are made to standardize any asymmetric accounting policies that may exist between the financial year date of the subsidiaries and the parent company's financial year date.

The non-controlling interests in the net assets of the consolidated subsidiaries are identified separately from the Group's equity in these companies. The non-controlling interest consists of the amount of those interests at the date of the actual combination of the business and the non-controlling interest's share of changes in equity since the date of the combination. losses within a subsidiary accrue to the non-controlling interest even if this results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in a loss of control over these subsidiaries are accounted for as equity transactions. For purchases from non-controlling interests, the difference between any amount paid and the related purchased share of the fair value of the net assets of the subsidiary is recognized in equity. Gains or losses on disposals to the non-controlling interests are also recognized in equity.

3. BASIS OF CONSOLIDATION (CONTINUED)

When the Group ceases to have control or significant influence, any retained equity interest is re - measured to its fair value and the change in carrying amount is recognized in the income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income relating to this entity are accounted for as if the Group had directly disposed of these assets or liabilities (that is, it is reclassified to profit or loss or transferred directly to retained earnings as determined by it International Financial Reporting Standards.

Non-Controlling Interests

Non-controlling interest is measured at the acquisition date either at the fair value or the proportionate share of the fair value of the identifiable net assets of the acquire. The measurement basis is selected separately for each transaction. Subsequent to the acquisition, the non-controlling interests are presented at initial recognition plus their share of the subsequent changes in equity of the acquire, and are shown as a separate item in the statement of profit or loss, other comprehensive income, and within the equity at the consolidated statement of financial position.

Acquisitions or disposals of non-controlling interests that does not affect the parent company's control on the subsidiary are accounted for as transactions with equity holders. The difference between the fair value of the consideration for the paid or collected amounts and the change in non-controlling interests is recognized directly at the shareholders' equity.

Business combinations and goodwill

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred or assumed by the Group to the former owners of the acquire and equity instruments issued by the Group in exchange for control of the acquire, plus any costs directly attributable to the business combination. Acquisition - related costs are generally recognized in profit or loss as incurred. At the acquisition date, the identifiable assets acquired and liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognized at their fair values at the acquisition date.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from the contingent consideration arising under the agreement, the contingent consideration is measured at fair value on the acquisition date and included as part of the consideration transferred in the business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments credited to the goodwill account.

Measurement period adjustments are adjustments that result from the availability of additional information obtained during the “measurement period” (which shall not exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

3. BASIS OF CONSOLIDATION (CONTINUED)

Business combinations and goodwill (continued)
Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non - controlling interests in the acquire, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non - controlling interests in the acquire and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non - controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non - controlling interests ' proportionate share of the recognize amounts of the acquirer’s identifiable net assets. The choice of measurement basis is made on a transaction by - transaction basis.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquire is re-measured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquire prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

4. SIGNIFICANT ACCOUNTING POLICIES

4-1 Financial instruments

Financial Assets

A) Classification
The Group classifies financial assets in the following measurement categories:
- Those to be measured subsequently at fair value (either through other comprehensive income or profit or loss), and
- Those to be measured at amortized cost.

The classification depends on the group’s business model of managing its financial assets and the contractual terms of cash flows.
For financial assets measured at fair value, gains and losses are recognized in the statement of profit or loss or other comprehensive income.

B) Measurement
On initial recognition, the Group measures the financial asset at its fair value. If the financial asset is not measured at fair value through profit or loss, it is measured through transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are charged as an expense in profit or loss.

Financial instruments included in derivative financial instruments are taken into account in determining whether their cash flows are the sole payment of principal and interest.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4-1 Financial Instruments (Continued)

Debt Instruments:
Subsequent to the measurement of the debt instrument, which is based on the Group's business method of managing the asset and the cash flow characteristics of the asset, there are three measurement categories for which the Group classifies debt instruments:

Amortized cost:
Assets held for the purpose of aggregating contractual cash flows where those cash flows represent the payments of principal and interest are measured at amortized cost. Gains or losses on a debt instrument subsequently measured at amortized cost and which are not part of the hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in financing income using the effective interest rate method.

Fair value through other comprehensive income statement:
The Group has elected to recognize changes in the fair value of investments in equity shares in OCI these changes are accumulated within OCI. The Group transfer this amount from OCI to retained earnings when the relevant shares are derecognized.

Dividends from such investments continue to be recognized in the statement of profit or loss as other income when the Group right to receive payments is established.

Fair value through profit or loss
Assets which not related to amortized cost or fair value through other comprehensive income, are measured by fair value through profit or loss.

Profit or loss which result from debt investment which are re measured by fair value through profit or loss which not considered a part from hedging relationship are considered through profit or loss and presented in profit or loss statements under the period other profit/loss when generated. finance income from these financial statements are presented under financing revenue using actual interest rate method.

Financial assets Impairment
The Group recognizes an impairment provision for expected credit losses in financial assets. The ECL amounts are updated at each reporting date to reflect changes in credit risk since the initial recognition of the financial instrument.

The Group always recognizes the aging of the expected credit losses of the financial assets. Expected credit losses on these financial assets are estimated using a provision matrix, which is based on the company's historical experience in expected credit loss, adjusted for debtors' factors, general economic conditions, and evaluation of both the current trend as well as forecasting conditions at the reporting date, including time value of money, when appropriate.

The ECL measurement is a function of the probability of default, or the loss arising from default (meaning the size of the loss if there is a default) and exposure to default. The assessment of the probability of default and the resulting loss in default are based on historical data modified by forward-looking information as described above. The exposure to default, for financial assets, is recognized at the total carrying value of the assets at the reporting date.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4-1 Financial Instruments (Continued)

Financial assets Impairment (Continued)
For financial assets, the ECL is estimated as the difference between all contractual cash flows due to the company according to the contract and all cash flows that the company expects to receive, which is discounted at the effective interest rate.

If the Group measured the impairment loss for a financial instrument at an amount equal to the lifetime ECL amount at the previous reporting date, but determined at the current reporting date that it did not meet the lifetime ECL terms. The Company measures the impairment loss according to the age of the debt for expected credit losses at the current reporting date, except for assets for which the simplified approach was used.

The Group recognizes impairment gain or loss in the profit or loss statement for all financial instruments.

Financial Liabilities
All financial liabilities are subsequently measured at amortized cost using the effective interest rate method or at FVTPL. The Group does not have any financial liabilities that are measured at fair value through profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that discounts the estimated future cash flows (including all fees and points paid or received that are an integral part of the effective interest rate, transaction costs, and other premiums or discounts) over the expected life of the financial liability, or (if appropriate), shorter period, to the amortized cost of the financial liability.

De-recognition Financial Liabilities
A financial liability is derecognized when the specified obligation is discharged, canceled, or expires. When replacing an existing financial obligation with another from the same lender on substantially different terms or amending the terms of the current liabilities substantially, this exchange or amendment is treated as a non-fulfillment of the original obligation and realization of a new obligation, and the difference in the related carrying value is recognized in the statement of profit or loss.

Offset of Financial instruments
The financial assets and liabilities are offset and the net amount is reported in the statement of financial position only when a legal right exists and the company has the intention to settle the assets and liabilities recorded on a net basis to achieve the assets and settle the liabilities at the same time. An enforceable legal right must not be dependent on future events, and it must be enforceable in the normal course of business and in case of default, insolvency, or bankruptcy of the company or the counterparty.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4-2 Right-of-use assets and lease obligations

The Group assesses whether the contract is a lease or contains a lease, at the beginning of the contract the Group recognizes the right of use asset and the corresponding lease obligation in relation to all lease agreements in which the Group is a lessee, except for short-term leases and leases of low-value assets rentals.

a) Right-of-use assets

The lease contract is recognized as a right-of-use asset with its corresponding obligations on the date when the leased assets are ready for use by the company. Each lease payment is allocated between the lease obligation and the finance cost. The finance cost is recognized in the profit or loss statement over the lease term. The right-of-use assets is depreciated over the shorter of the lease term or useful life of the asset, on a straight-line basis.

Initially, the right-of-use assets are measured at cost and consist of the following:
- The amount of the initial measurement of the lease obligation,
- Any lease payments made in or prior to the start date of the lease minus the rental incentives received;
- Any initial direct costs
- Recovery costs, where applicable.

b) Lease obligations

On the date of commencement of the lease, the company records lease obligations measured in the current value of lease payments made over the lease term. Lease payments include fixed payments (including substantially fixed payments) minus any receivable rental incentives, variable rental payments based on an indicator or rate, and amounts expected under guaranteed residual value. Lease payments include the price of exercising the purchase option when there is reasonable certainty that the company will exercise this right in addition to penalty payments for the cancellation of the lease if the terms of the lease provide for the company's practice of cancellation. For variable lease payments that do not depend on an index or rate, they are recorded as an expense in the period during which they are paid. Lease payments are discounting using the interest rate included in the lease or the Group incremental borrowing rate.

c) Short-term leases and leases with low-value assets

Short-term leases are leases term with 12 months or less. Low-value assets are items that do not meet the Group capitalization limits and are considered to be not material to the group’s financial position statement as a whole. Short-term lease payments and low-value asset leases are recognized on a straight-line basis in the profit or loss statement.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4-3 Property, plant, and equipment

A) Recognition and measurement
Items of property, plant, and equipment, as well as Bearer plants, are measured at cost net of accumulated depreciation and accumulated impairment losses - if any.

The cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes costs of materials, direct labor, any other costs directly attributable to preparing the asset for its intended use, and costs of dismantling, removing, and reinstalling them on the site.

When the useful lives of some items of property, plant, and equipment are different, they are accounted for as separate components (Major components) of property, plant, and equipment.

Gains or losses are determined upon disposal of any item of property, plant, and equipment by comparing the consideration received with the asset's carrying value and is inserted net in other income in the statement of profit or loss.

B) Subsequent costs
The replacement cost of any item of property, plant, and equipment, is recognized in the carrying amount of the asset if it is probable that economic benefits will flow from that asset to the group, and those benefits can be measured reliably and the carrying value of the replaced part is derecognized. The daily cost of servicing property, plant, equipment, and overhaul is recognized in profit or loss as incurred.

C) Deprecation
Depreciation is calculated based on the depreciable amount and it is the asset cost or alternative amount of cost less the residual value.

Depreciation is recognized in the statement of profit or loss using the straight-line method over the estimated useful lives of each item of property, plant, and equipment, as this is the closest method that reflects the expected pattern of depreciation of the economic benefits inherent in the asset.

Below are the estimated depreciation rates for the current and comparative periods:

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

Projects in progress at the end of the year include some assets that have been acquired but are not ready for use for which they are intended, and these assets are transferred to the relevant asset classes and are depreciated when they become ready for use.

The borrowing costs which related to projects under constructions to become available for using and it will be converted to property plant and equipment.

The Group reviews the Depreciation methods, useful lives, and residual values are reviewed at the end of each financial year, to ensure that they reflect the benefit obtained, and in the event of a difference, it is treated as changes in the accounting estimates (in the year of change and subsequent years).

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4-4 Intangible assets

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets internally generated, except for development costs, are not capitalized, and expenses are recognized in the statement of profit or loss as incurred. Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives About 10 years.

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the group, and the expenditure can be measured reliably.

Residual values of intangible assets, useful lives, and indicators of impairment are reviewed at the end of each financial year and adjusted prospectively when necessary.

4-5 Investments in Companies Using the Equity Method

They are companies in which the company owns at least 20% of its capital, and these investments are accounted for using the equity method. It is stated at cost and subsequently adjusted in light of the change in the company's share of the net assets of the investee company. The company's share of the company's net profits and losses is included in the statement of profit or loss.

4-6 Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Non-current assets and disposal groups classified as held assets are measured for sale at the lower of its carrying value or fair value, less costs to sell. Incremental selling costs are directly attributable to the disposal of the asset (excluding group), excluding finance costs and income tax expense.

The criteria for classifying an asset as held-for-sale are considered to be met only when the sale is highly probable and the asset or group the discarded is available for immediate sale in its present condition. The actions necessary to complete the sale must indicate that it is unlikely to take place

Significant modifications to the sale process or the withdrawal of the sale decision. The management must be committed to the plan to sell the asset within one year from the date of classification.

No depreciation or amortization is calculated on assets, machinery, equipment and intangible assets once they are classified as non-current assets held

It is for sale. Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

4-7 Inventory

Inventories are stated at the lower of cost or net realizable value after taking the necessary allowance for any slow-moving or obsolete items. Cost is determined using the weighted-average method. The cost includes the sum of the purchase price, conversion costs, and other costs associated with bringing the inventory into its current condition and location. Net realizable value is the estimated selling price in the ordinary course of business less expected selling costs.

4-8 Cash and cash equivalent

Cash and cash equivalent includes cash in banks, demand deposits, and other short-term, highly liquid investments with maturities of three months or less.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4-9 Trade receivables, prepayments, and other current assets

Trade receivables, prepayments, and current assets are initially recorded at the transaction price less impairment losses in an amount equal to the estimated lifetime credit loss. When the due amounts are uncollectible, they are written off against the impairment losses. Any subsequent recoverable amounts previously written off are credited for impairment losses in the statement of profit or loss.

4-10 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying values of its tangible and intangible assets for any impairment losses to determine whether there is any indication that these assets have suffered impairment losses. If any indication exists, the recoverable amount of the asset is estimated in order to determine impairment losses (if any). In the case that it is not possible to estimate the recoverable amount of a specific asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, similar group assets are also allocated to cash-generating units, or allocated to the smallest group of cash-generating units for which a reasonable and consistent basis of allocation can be identified. The cash-generating unit to which goodwill has been allocated is tested for impairment annually, whenever there is an indicator of impairment of the unit by comparing the carrying value of the unit with the recoverable amount, including the goodwill. Intangible assets with an indefinite useful life are not amortized. Instead, the asset is tested for impairment annually, whenever there is an indication of impairment of the asset.

The recoverable amount is the higher of the fair value of the asset less disposal costs or value in use. 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 for which the future cash flow assessment has not been adjusted.

If the recoverable amount of the asset (or cash-generating unit) is estimated to be less than the carrying value, the carrying amount of the asset (or cash-generating unit) is reduced to the recoverable value. Impairment losses are recognized directly in profit or loss.

When subsequently the impairment loss is reversed, the carrying amount of the asset (or cash-generating unit) is increased to the recoverable amount, so that the revised carrying amount does not exceed the value of the asset (or cash-generating unit) if the impairment loss was not accounted for previously. The reversal of an impairment loss is recognized directly in profit or loss. An impairment loss recognized in past periods is not reversed for goodwill in a subsequent period.

4-11 Zakat provision

Zakat provision is calculated annually in the financial statements in accordance with the instructions of the General Authority for Zakat and Tax “GAZT” in the Kingdom of Saudi Arabia. The zakat provision is settled in the financial year during which the valuation is approved, and any differences between the zakat provisions are recorded in accordance with the requirements of IAS (8) “Accounting Policies and Changes in Accounting Estimates, and Errors”.

4-12 Value-added tax

The Group is subject to the value-added tax system, and the tax is calculated as soon as the invoice is issued, the good is delivered or the price or part thereof is received, and the VAT return is submitted on a monthly basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4-13 Term Loan

Term loans are recognized initially at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest rate method.

Loans are derecognized from the statement of financial position when the obligation specified in the contract is satisfied, canceled, or expired. Term Loans are classified as current liabilities when they mature in less than 12 months.

4-14 Employee Benefits obligations

The Group contributes to the retirement pension and social insurance for its employees in accordance with the Saudi Labor Law.

a) Employees End of Service benefit

End of service benefit is payable to all employees in accordance with the terms and conditions of the group's work system, upon the termination of their service contracts. The group's obligation to the defined benefit plans is calculated by estimating the value of future benefits due to employees in the current and future periods and discounting the due amount to arrive at the present value.

The Group makes assumptions that are used when determining the main components of costs for the purpose of meeting these future obligations. These assumptions are made by an actuary and include those assumptions that are used to determine normal service cost as well as the financing component of the obligation, if any. The qualified actuary calculates the defined benefit obligation using the planned credit unit method.

The revaluation of defined benefit obligations that consist of actuarial gains and losses is recognized directly in the statement of other comprehensive income. Considering any change in the net defined benefit obligations during the year as a result of contributions and payments of obligations. The net interest expense and other expenses related to defined benefit plans are recognized in the statement of profit or loss.

b) Short-term employee benefits

Short-term employee benefit obligations are measured on a non-discounted basis and are expensed when the related service is provided.

The obligation is recognized for the amount expected to be paid under a short-term cash bonus payment plan or profit share plan if the Group has a legal or contractual obligation to pay that amount as a result of a prior service provided by the employee, and if the value of the obligation can be estimated reliably.

4-15 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the obligation amount. Provisions are determined by discounting the expected future cash flows to settle the present obligation that reflects current market assessments of the time value of money and the risks specific to that obligation (when the effect of the time value of money is material). The discount is recognized in finance costs.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4-16 Revenue

Revenue is recognized when the company fulfills its obligations in contracts with customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. Specifically, the standard provides a five-step approach for revenue recognition:

Step one: identify the contract(s) with customers.
Step two: identify the performance obligations in the contract.
Step three: Determine the transaction price.
Step four: Allocate the transaction price to each performance obligation in the contract.
Step five: Recognize revenue when a performance obligation is satisfied.

Revenue is recognized upon satisfying the performance of contractual obligations, when control over the goods or services is transferred to the customer to be able to use them for the intended purpose and without restrictions or to benefit from the services rendered under the contract.

Revenue from the sale of any by-products resulting from agricultural or industrial waste is treated as other income in the statement of profit or loss.

In case there is a price difference, between the selling price of the product at the delivery site at the company's location and the selling price of the same product at the customer's location, the resulting difference will be treated as transport income and inserting the related cost in the cost of revenue.

a) Revenue from food and beverage sales

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

b) Franchise revenue

Franchise revenue consists of percentages and initial franchise fees.
Percentages are calculated from the total sales of the franchise agent based on the percentage 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.

c) Discounts

Additional discounts are granted to customers according to the market conditions and the competitive conditions, so revenue is recognized based on the price specified in the contract or agreed upon with the customer after deducting the specific discounts for each customer, using the accumulated experience to estimate and grant discounts, using the expected value method, Revenue is recognized only to the extent that it is highly probable that a significant reversal will not occur, the contractual obligation is recognized for the expected discounts in the volume of payable amounts to customers in respect of sales made up to the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4-17 Expenses

Selling and marketing expenses include direct and indirect expenses that are not part of the cost of revenue. Selling and marketing expenses are those expenses related to selling activity and goods delivery, in addition to all other expenses related to marketing.

General and administrative expenses include direct and indirect costs which are not a specific part of the operating activities, including salaries, other employee benefits, rents, consulting services fees, telecommunications expenses, and others.

A common expense is allocated between the cost of revenue, selling and marketing expenses, and general and administrative expenses, if necessary, on a consistent basis.

4-18 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).

Revenue is recognized upon performance of contractual obligations, that is, when control of the goods or services entrusted with the performance of a specific obligation is transferred to the customer, enabling him to use them for the purpose for which he was purchased without restrictions, or by using the services provided to him under the contract.

4-19 foreign currency transactions

Transactions in foreign currency are recognized using the exchange rates prevailing on the date of the transactions. Monetary assets and liabilities are transferred using the exchange rates prevailing on the date of preparing the financial statements.

Gains and losses resulting from foreign currency differences are directly included in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the prevailing exchange rates at the dates of the initial transactions.

4-20 Segment reports

A segment is a separate and distinct part of the Group that is engaged in business activities from which it earns revenue or incurs expenses. Operating segments are disclosed on the basis of internal reports that are reviewed by the operating decision-maker that have similar economic features, products, services and similar customer categories, and whenever possible as reportable segments.

The main activity of the Group consists of sectors that include popular meals and other sectors. Operating segments are major components of the Group and relate to its activities by generating revenue or incurring expenses. All operating results of the operating segments are reviewed regularly by the Group's operating decision makers, who make decisions about resources to be allocated to the segments and assess their performance, and for which detailed financial information is available.

4-21 Earnings per share

Basic and diluted earnings per share are calculated by dividing:
- Net income attributable to the group's ordinary shareholders
- Weighted average number of ordinary shares issued and outstanding during the year

No ordinary shares have been issued by the Group therefore the basic and diluted earnings per share are the same.

5. USE OF JUDGMENT, ESTIMATES, AND ASSUMPTIONS

The preparation of financial statements requires management to make judgments, estimates, and assumptions that affect the amounts related to revenues, expenses, assets, and liabilities, and the disclosure of potential liabilities on the date of preparing the financial statements. However, the uncertainty involved in these assumptions and estimates may lead to significant adjustments to the carrying amount of assets or liabilities that may be affected in future periods.

The significant judgments and estimates used by management in applying the group's accounting policies and the main sources of estimates and assumptions are similar to those based in the annual consolidated financial statements as of 31 December 2022.

Going concern

The consolidated financial statements have been prepared on the basis of going concern, which assumes that the Group will continue in its business in the foreseeable future as shown in the consolidated financial statements. The Group incurred a net loss during the year ending on 31 December 2022. The ability of the Group to continue in its business It depends on achieving more cash flows from its business and its success in increasing its capital through issuing right shares.

Estimates and Assumptions

The following are the main assumptions related to future sources and other sources that cause uncertainty about estimates at the date of preparing the financial statements, and with which there are significant risks associated that may cause significant adjustments to the carrying values of assets and liabilities in subsequent financial periods. The Group relied, in its estimates and assumptions, on the available information when preparing the financial statements. However, circumstances and assumptions about future developments may change according to changes in the market or circumstances arising outside the group's control. These changes are reflected in the assumptions as they occur.

A) Provision for expected credit losses

The expected credit loss provision is determined by reference to a set of factors to ensure that receivable balances are not overvalued as a result of the probability that they will not be collected, based on aging from the initial date of recognition to measure expected credit losses.

Accounts receivable have been grouped based on common credit risk characteristics and the aging per days. The expected loss rates are derived from the group's historical Information and adjusted to reflect the expected future outcome, which includes any future information on macroeconomic factors such as inflation and GDP growth rate. The main assumptions are disclosed in note no. (11).

B) Provision for slow-moving inventory

The Group determines the provision for slow-moving inventory based on historical experience, the expected turnover of the inventory, inventory aging and inventory current condition, and current and future expectations of sales. The assumptions underlying when determining the provision for inventory obsolescence include future sales trends, projected inventory requirements, and the inventory components needed to support future sales and offers. The group’s estimates of the provision for inventory obsolescence may differ substantially from period to period as a result of changes in product offers related to inventory.

C) Useful lives of property, machinery, and equipment, and intangible assets

The group’s management determines the estimated useful lives of property, machinery, and equipment, and intangible assets for calculating depreciation or amortization. These estimates are determined after considering the expected usage of the assets or physical wear and tear. The Group reviews the residual value and useful lives of these assets annually, depreciation charges would be adjusted where the management believes the useful lives differ from previous estimates. The main assumptions are disclosed in note no. (3).

5. USE OF JUDGMENT, ESTIMATES, AND ASSUMPTIONS (CONTINUED)

D) Impairment of non-financial assets

Non-financial assets are reviewed for any impairment losses due to the decrease in their value whenever the events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized by finding the difference between the carrying amount of the asset and the recoverable amount. The recoverable amount is the fair value of the asset less costs to sell and the value in use, whichever is higher. For the purpose of assessing impairment, assets are grouped to their lowest level where there are identifiable cash flows (cash-generating units). Non-financial assets other than goodwill and those that have been impaired are reviewed for possible reversal of the impairment at each reporting date. Where the impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the carrying amount that has been increased must not exceed the carrying amount that would have been determined, any impairment loss is recognized for the asset or cash-generating unit in prior years. The reversal of impairment loss is recognized as direct income in the statement of profit or loss. Impairment losses on goodwill are not reversed. The main assumptions are disclosed in note no. (8).

E) Employees Defined Benefits Obligations

The cost of employees' end-of-service benefits is determined under the defined unfunded remuneration program that is measured using actuarial valuation. The actuarial valuation includes many assumptions that may differ from actual developments in the future. These assumptions include determining the discount rate, future salary increases, employee behavior, and employee turnover. Due to the complexity of the evaluation and its long-term nature, the specific unfunded bonus obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed once or more per year when necessary. The main assumptions are disclosed in note no. (20).

6. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Leasehold improvements	Operating machinery and equipment	vehicles	Furniture and fixtures	Capital work in progress	Total
Cost:								
Balance at 1 January 2022	59,733,840	129,167,742	20,299,860	16,764,986	10,368,130	6,722,610	4,483,733	247,540,901
Additions	-	273,910	282,821	6,498,852	3,500	918,539	21,319,208	29,296,830
Disposals	(2,933,120)	(29,921,162)	(4,825,136)	(2,837,618)	-	(582,229)	(746,624)	(41,845,889)
Transfer To Assets Held For Sale	-	11,606,363	413,055	294,023	-	128,299	(12,441,740)	-
Balance at 31 December 2022	**56,800,720**	111,126,853	16,170,600	20,720,243	10,371,630	7,187,219	12,614,577	234,991,842
Accumulated depreciation:								
Balance at 1 January 2022	11,508,375	66,952,704	12,523,472	14,488,463	8,624,746	5,663,929	-	119,761,689
Charge For The Year	-	4,957,810	2,161,604	782,032	96,415	357,809	-	8,355,670
Disposal	(1,936,348)	(18,434,357)	(3,117,204)	(721,953)	(38,334)	(155,377)	-	(24,403,573)
Balance at 31 December 2022	**9,572,027**	**53,476,157**	**11,567,872**	**14,548,542**	**8,682,826**	**5,866,361**	**-**	**103,713,786**
Net Book Values								
At 31 December 2022	**47,228,693**	**57,650,696**	**4,602,728**	**6,171,701**	**1,688,803**	**1,320,858**	**12,614,577**	**131,278,056**
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

The land item includes lands with a book value of SR 12,825,000 mortgaged as security against a long-term loan (note 20).

RAYDAN FOOD COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in Saudi Arabian Riyals)

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land	Buildings	Leasehold improvements	Operating machinery and equipment	vehicles	Furniture and fixtures	Capital work in progress	Total
Cost:								
Balance at 1 January 2022	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)
Transfer To Assets Held For Sale	-	-	-	-	-	-	(9,003,147)	(9,003,147)
Transfers	-	-	-	88,829	-	43,842	(132,671)	-
Balance 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:								
Balance at 1 January 2021	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)
Disposal	-	(124,835)	(2,779,069)	(2,006,895)	(1,746,837)	(426,445)	-	(7,084,081)
Balance 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

The land item includes lands with a book value of SR 12,825,000 mortgaged as security against a long-term loan (Note 20).

7. INTANGIBLE ASSETS

	Note	31 December 2022	31 December 2021
Cost:			
At 1 January		**700,897**	1,762,707
Additions		**242,549**	31,380
Termination of contracts		**-**	(1,093,190)
At 31 December		**943,446**	700,897
Accumulated amortization:			
At 1 January		**565,737**	349,554
Charge for the year	31	**250,140**	216,183
At 31 December		**815,877**	565,737
Net book values:			
At 31 December		**127,569**	135,160

8. RIGHT OF USE ASSETS

	Note	31 December 2022	31 December 2021
Cost:			
At 1 January		**59,864,583**	81,313,793
Additions		**4,702,469**	1,013,432
Lease termination		**(7,181,606)**	(22,302,414)
Discounts from the lessor		**-**	(160,228)
At 31 December		**57,385,446**	59,864,583
Accumulated depreciations:			
At 1 January		**24,273,663**	32,406,857
Charge for the year	31	**4,127,136**	4,900,694
Reversal of Impairment		**(1,377,965)**	(3,370,097)
Lease termination		**(2,968,599)**	(9,663,791)
At 31 December		**24,054,235**	24,273,663
Net book values:			
At 31 December		**33,331,211**	35,590,920

8/A **-** The Group leases warehouses, sites and branches, with lease terms ranging between 3 and 30 years.

8/B **-** During the year 2022, the Group terminated some contracts, and the financial impact resulting from this termination was represented by a decrease in the right to use assets with a net book value of SR 4,969,311, and lease obligations amounting to SR 5,144,856, resulting in a profit of SR 175,544 (2021: SR 4,150,152).

9. INVESTMENT IN AN ASSOCIATE

Al Jonah Distinguished Sweets and Parties Co., Ltd. is a limited liability company registered in the Kingdom of Saudi Arabia and operates in the menu of external parties for third parties and providing cooked and uncooked meals and catering services. The group's share in the capital of Al Jonah Company as on 31 December 2022 amounted to 30% (31 December 2021: 30%), and the investment movement was as follows:

	31 December 2022	31 December 2021
At 1 January	**61,625,341**	67,541,602
Share of loss	**(5,213,062)**	(5,192,537)
Share of other comprehensive income	**951,237**	(723,724)
At 31 December	**57,363,516**	61,625,341

	31 December 2022	31 December 2021
Current assets	**17,315,125**	23,532,618
Non-current assets	**110,434,786**	122,943,473
Current liability	**(59,213,230)**	(46,544,174)
Non-current liability	**(17,072,571)**	(34,254,819)
Total equity	**51,464,110**	65,677,098
Group's share 30%	**15,439,233**	19,703,129
Goodwill	**41,922,212**	41,922,212
Previous years adjustment	**2,071**	-
NBV of the investment	**57,363,516**	61,625,341

The following is a summary of the profit or loss statement of Al Jonah Company for the years ending on 31 December:

	2022	2021
Sales	**68,198,671**	60,276,627
Cost of sales	**(45,972,035)**	(36,309,775)
Operating expenses	**(37,784,723)**	(43,263,284)
Non-operating income & losses	**(1,818,785)**	1,987,975
Loss for the year	**(17,376,872)**	(17,308,457)
Group's share 30%	**(5,213,062)**	(5,192,537)

10. INVENTORIES

	31 December 2022	31 December 2021
Foods and drinks, raw materials	**2,964,052**	1,136,067
Consumable suppliers and tools	**1,350,796**	1,224,624
	4,314,848	2,360,691

11. TRADE RECEIVABLES, NET

	31 December 2022	31 December 2021
Trade receivables	**6,330,495**	3,655,312
Expected credit losses (11/A)	**(446,902)**	(323,820)
	5,883,593	3,331,492

11/A Movement of expected credit loss

	Note	**31 December 2022**	31 December 2021
Balance as at 1 January		**323,820**	49,799
Charge for the year	31	**123,082**	274,021
Balance as at 31 December		**446,902**	323,820

12. PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2022	31 December 2021
Margin deposit on a letter of guarantee	**80,175**	1,999,406
Prepaid expenses	**3,946,087**	1,864,612
Employee receivables	**1,241,878**	1,172,567
Advances to suppliers	**154,264**	2,019,025
Provision for expected credit losses on advances to suppliers (12/A)	**-**	(1,469,855)
Insurance recoveries	**250,240**	-
Other debit balances	**1,373,467**	560,621
	7,046,111	6,146,376

12/A The movement in the allowance for expected credit losses on advances to suppliers is as follows:

	31 December 2022	31 December 2021
Balance as at 1 January	**1,469,855**	-
Charge during the year	**-**	1,469,855
Reversal during the year	**(1,469,855)**	-
Balance as at 31 December	**-**	1,469,855

13. CASH AND CASH EQUIVALENT

	31 December 2022	31 December 2021
Cash on hand	**1,211,511**	765,942
Cash at banks	**26,253,643**	75,422,442
	27,465,154	76,188,384

14. DISCONTINUED AND ASSETS HELD FOR SALE

A- The Board of Directors of the Group decided on 22 Dhu al-Hijjah 1442H, corresponding to 1 August 2021, to grant an exclusive agent who would have the right to commercial franchise within the Arab Republic of Egypt, and to transfer the group's branches in Egypt to this agent.

Accordingly, the group's management signed an agreement with Al-Raya Limited Company for Restaurants "a company registered in the Arab Republic of Egypt" on 22 Safar 1443H, corresponding to 29 September 2021, to transfer and sell the assets of the branches of Raydan Food Group in the Arab Republic of Egypt for EGP 5.7 million, equivalent to SR 1.3 million. Accordingly, the results of related operations have been reclassified to the item of discontinued operations.

B- The financial statements include the transfer of the value of lands and buildings (60th branch, kilo 14 branch) expropriated by government agencies for the development of slums in Jeddah to assets held for the purpose of selling at a value of SR 8,328,290, which is the value expected to be received as compensation from the competent authorities in exchange for expropriation. The value was determined based on evaluation reports approved by an accredited value who holds a certificate of expropriation from the Saudi Authority for Accredited Values, which is:

- Saber Real Estate Appraisal - Holder of License No. 1210000589.

* Assets held for sale include 14 km land registered in the name of the previous owner until the date of preparing the financial statements.

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

	31 December 2022	31 December 2021
Sales	-	5,500,061
Cost of sales	-	(5,490,544)
General and administrative expenses	-	(404,543)
Other revenue	-	218,578
Impairment	-	(5,803,147)
Loss from assets disposal	-	(1,429,100)
Income tax	-	-
Net loss from discontinued operating	-	(7,408,695)

15. CAPITAL

The capital of the Company as at 31 December 2022 consists of 15,808,467 shares (2021: 33,750,000 shares), each valued at SR 10 (2021: SR 10). As the group's capital was reduced by canceling 17,941,533 shares, and the accumulated losses were reduced by SR 179,415,330.

16. 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.

17. STATUTORY RESERVE

According to the company's article of association, 10% of the net income is shall be set aside on an annual basis to the statutory reserve till reserve reaches 30% of share capital. This reserve is not subject to distribution as dividends.

18. BASIC AND DILUTED LOSS PER SHARE

The loss per share was calculated from the net loss for the year ending on 31 December 2022, based on the number of shares outstanding at that date amounting to 29,522,680 shares (2021: 26,445,205 shares). The Group has no discounted instruments.

	2022	2021
Net loss attributable to the shareholders of the company	**(24,621,539)**	(34,814,810)
Weighted average number of common shares used as the denominator in calculating basic and diluted earnings per share	**29,522,680**	26,445,205
Profit basic and diluted earnings per share (EPS) from continuing operations	**(0.83)**	(1,32)
Comprehensive loss attributable to the shareholders of the company	**(24,621,539)**	(42,856,177)
Weighted average number of common shares used as the denominator in calculating basic and diluted earnings per share	**29,522,680**	26,445,205
Basic and diluted comprehensive loss per ordinary share from net loss	**(0.83)**	(1,62)

19. LEASE LIABILITY

	Note	**31 December 2022**	31 December 2021
Balance as at 1 January		**53,303,906**	76,039,662
Additions		**4,702,469**	1,013,432
Interest due	30	**2,280,436**	2,836,118
Lease termination		**(5,140,609)**	(16,788,775)
Discount from lessor		**-**	(160,228)
Paid		**(5,823,666)**	(9,547,303)
Balance as at 31 December		**49,322,536**	**53,392,906**
Less: current portion of lease liability		**(6,197,186)**	(9,293,535)
Non-current portion		**43,125,350**	44,099,371

The lease liabilities added during the year ended 31 December were discounted using the Group's marginal assumption rate of 8% (2021: 8%).

The lease obligations as at 31 December are due as follows as at 31 December:

	31 December 2022	31 December 2021
During 1 year	**6,197,186**	9,293,535
More than 1year and less than 5 year	**24,693,138**	33,155,120
More than 5 years	**18,432,212**	10,944,251
	49,322,536	53,392,906

20. LONG TERM LOAN

The Group has a long-term loan in the amount of SR 35.1 million in the form of a long-term financing lease to finance capital expansions. This loan is granted by the guarantee of a mortgage on plots of land from the Group (note no.: 6). This loan is subject to an annual interest rate of 8%. The total financing charges related to this loan have been fully deducted in advance from the amount received.

During 2020, the company reached an agreement to reschedule the loan installments, which resulted in additional financing costs of SR 3,216,731, to be paid during the new loan period, which will end on 15 October 2024.

	31 December 2022	31 December 2021
Long- term loan	**17,415,007**	23,415,007
Less: deferred finance cost	**(1,658,059)**	(3,096,269)
Net	**15,756,948**	20,318,738
Less: current portion	**(7,000,000)**	(6,000,000)
Non- current portion	**8,756,948**	14,318,738

The maturity schedule for the long term financing is as follows on 31 as December:

	31 December 2022	31 December 2021
2022	**-**	6,000,000
2023	**7,000,000**	**7,000,000**
2024	**10,415,007**	10,415,007
	17,415,007	23,415,007

21. EMPOLYEE TERMINATION BENEFITS

The provisions movement of end employee benefits, are the program specified benefits during the year as mentioned below:

	31 December 2022	31 December 2021
Balance as at 1 January	**15,438,313**	16,429,734
Charged to profit or loss	**1,539,276**	1,590,356
Gain from actuarial remeasurement charged to OCI	**(831,544)**	(92,725)
Benefits paid	**(3,786,030)**	(2,489,052)
Balance as at 31 December	**12,360,015**	15,438,313

The expense charged to profit and loss consists of the following:

	31 December 2022	31 December 2021
Current service cost	**1,282,611**	1,355,465
Interest cost	**256,665**	234,891
Cost recognized in profit or loss	**1,539,276**	1,590,356

	31 December 2022	31 December 2021
Discount rate used	**6.50%**	2.60%
Salary increase rate	**5.50%**	4.25%
Mortality rate	**2.00%**	0.00%
Rates of employee turnover	**High**	High

21. EMPOLYEE TERMINATION BENEFITS (CONTINUED)

The following is a sensitivity analysis of the main actuarial assumptions:

	2022		2021	
Discount rate	**%**	**SR**	%	SR
Increase	**+0.5%**	**12,002,767**	+0.5%	14,993,494
Decrease	**-0.5%**	**12,685,926**	-0.5%	15,907,373
Salary growth rate				
Increase	**+0.5%**	**12,784,961**	+0.5%	15,897,491
Decrease	**-0.5%**	**11,952,512**	-0.5%	14,998,298

22. ACCRUED EXPENSES AND OTHER PAYABLES

	31 December 2022	31 December 2021
Accrued expenses	**2,437,217**	2,370,480
Accrued End of service	**3,262,528**	4,366,063
Dividends payable	**63,439**	63,439
Other credit balances	**280,153**	1,576,662
	6,043,337	8,376,644

23. PROVISION FOR POTENTIAL CLAIMS

The movement in the provision for potential claims is as follows:

	31 December 2022	31 December 2021
Balance as at 1 January	**-**	-
Charge during the year	**312,508**	-
Paid during the year	**-**	-
Balance as at 31 December	**312,508**	-

24. ZAKAT AND INCOME TAX

	31 December 2022	31 December 2021
Current zakat	**527,700**	-
Adjustment in respect of zakat and income tax for provision years	**-**	470,971
	527,700	470,971

24. ZAKAT AND INCOME TAX (CONTINUED)

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

	31 December 2022	31 December 2021
Balance as at 1 January	**209,866**	662,509
Charge for the year	**931,627**	470,971
Payments	**(209,866)**	(923,614)
Balance as at 31 December	**931,627**	209,866

Raydan Food Company

The company submitted its zakat returns for the years ending on 31 December from inception until 31 December 2021, and zakat certificates were received for these years.

The tax status of Raydan Food Company

Value added tax returns were submitted on a monthly basis from January 2018 to September 2022.

Raydan Kitchens and Restaurants Company Egypt

A- Capital Companies Tax: -

- The company was notified of an estimated Form 19 for the period from the beginning of the activity until 31 December 2016, and it was objected to and a request for re-examination will be submitted.
- The company was notified on Form (3/4) to prepare examination documents for the years from 2018 to 2020.
- The tax return was submitted for the year ending in 2021, on the legal date.

B- Value Added Tax: -

- The company's tax examination was carried out from the beginning of the activity until 2018, and the company paid the tax examination differences.
- The company did not receive any notifications for the years from 2019 to 2022.

C - Payroll tax: -

The competent tax office has notified the company with an estimated form (38) for the years since the beginning of the activity, until 2016, and it was objected to within the legal dates, and a request for re-examination will be submitted.

D- Withholding and collection tax:-

The company supplies the amounts that are deducted from the dealing parties to the tax authority on the legal dates.

E- Stamp tax: -

The company has not been examined until the date of the financial statements.

25. REVENUE FROM CONTRACT WITH CUSTOMERS

Deleted information on revenues by geographical areas

	31 December 2022	31 December 2021
Western region	**154,550,196**	125,999,990
Eastern region	**396,949**	2,406,777
Other	**4,230,458**	2,761,276
	159,177,603	131,168,043

The Group derives revenue from the sale of goods which is recognized at a point in time. Rental income from lease contracts is recognized over the lease term (note 26). Revenue includes amounts earned from related parties (note 29).

26. COST OF REVENUE

	Note	**31 December 2022**	31 December 2021
Consumables cost		**95,665,657**	89,348,887
Salaries, wages, and related costs		**25,714,071**	20,721,102
Depreciation of property, plant and equipment	31	**7,889,956**	10,808,753
Depreciation of right-of-use assets	31	**4,127,136**	6,247,126
Amortization of intangible assets	31	**164**	106,609
Short term rental contracts	31	**2,141,890**	262,016
General expenses for Hajj campaigns		**3,103,787**	-
Other benefits		**5,420,037**	5,756,216
Others		**8,632,251**	4,123,852
		152,694,949	137,374,571

27. SELLING AND MARKETING EXPENSES

	31 December 2022	31 December 2021
Advertising	**935,575**	518,726
Marketing, hospitality and public relation expenses	**1,440,201**	1,717,975
Others	**895,199**	317,847
	3,270,975	2,554,548

28. GENERAL AND ADMINSTRATIVE EXPENSES

	31 December 2022	31 December 2021
Salaries, wages, and related costs	**14,111,814**	13,457,291
Professional and consulting fees	**1,765,510**	1,739,848
Depreciation and amortization (note no. 31)	**677,356**	484,435
Professional and consultancy fees	**596,038**	534,181
governmental expenses	**559,421**	1,189,941
Board remuneration	**478,209**	488,000
Repair and maintenance	**90,372**	38,491
Others	**706,388**	1,452,438
Expected credit losses	**123,082**	274,021
Reversal of doubtful debts	**(1,469,855)**	1,469,855
	17,638,335	21,128,501

29. OTHER OPERATING INCOME

	31 December 2022	31 December 2021
Rental income from sweets section	**911,722**	2,125,000
Security deposits for the non-returned dishes	**336,024**	324,469
Leather sales	**50,056**	90,202
Others	**568,430**	136,207
	1,866,232	2,675,878

30. FINANCE COSTS

	Note	**31 December 2022**	31 December 2021
Accrual of deferred financing costs on a long-term loan		**1,438,210**	1,851,503
Unwinding of the discount on lease liabilities	17	**2,280,436**	2,836,118
Unwinding of provision for employee termination benefits	19	**256,665**	234,891
		3,975,311	4,922,512

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

	Note	**31 December 2022**	31 December 2021
Included in cost of sales:			
Salaries, wages, and related costs	26	**25,714,071**	20,721,102
Depreciation of property, plant and equipment	6	**7,889,956**	10,822,277
Amortization of intangible assets	7	**164**	106,611
Depreciation of right of use assets	8	**4,127,136**	4,900,694
Rent expense on short-term contracts	26	**2,141,890**	496,009
Included in general and administrative expenses:			
Salaries, wages, and related costs	28	**14,111,814**	13,457,291
Depreciation of property, plant and equipment	6	**427,380**	374,863
Amortization of intangible assets	7	**249,976**	109,572

32. RELATED PARTIES DISCLOSURES

32-1 Transaction with related parties

The following table illustrated the total of significant transactions with the related parties during the year and related balance as at 31 December 2022 and 2021:

			Amount of transaction	
Name of Related party	**Type of relationship**	**Nature of transaction**	**31 December 2022**	31 December 2021
Al-Jonah Sweets and Outside Catering Ltd	Associate company	Rents/ Sales	**1,048,480**	2,443,750
		Purchases	**8,402,857**	911,614
Farah hall for parties	Associate company	Sales	**-**	10,073,245

32-2 Due from related party

Related party	**31 December 2022**	31 December 2021
Al-Jonah Sweets and Outside Catering Ltd.	**5,820,105**	8,482,038
	5,820,105	8,482,038

32-3 Due to related party

Related party	**31 December 2022**	31 December 2021
Al-Jonah Sweets and Outside Catering Ltd	**2,591,151**	10,803,185
Farah hall for parties	**-**	358,545
	2,591,151	11,161,730

Key management personnel benefits are as follows:

	31 December 2022	31 December 2021
Short term employee benefit	**2,903,904**	2,940,647
Termination benefit	**289,468**	179,994
	3,193,372	3,120,641

33. BUSINESS SEGMENTS

The Group is divided into business units according to the nature of their products and services. In order to manage them, I have the following business segments:

1 - Traditional meals
2- Other segments

The following is a summary of some financial information by business sectors as at and for the years ending on 31 December 2022 and 2021, which are summarized according to the business segments mentioned above:

<u>As at 31 December 2022, and for the year ended on that date:</u>

	Traditional meals	Other segments	Total
Revenue	**156,438,866**	**2,738,737**	**159,177,603**
Cost of revenue	**(152,818,031)**	**-**	**(152,818,031)**
Administrative and selling expenses	**(17,515,253)**	**-**	**(17,515,253)**
Share of results in an associate	**-**	**(5,213,062)**	**(5,213,062)**
Others	**(8,252,796)**	**-**	**(8,252,796)**
Net loss	**(22,147,214)**	**(2,474,325)**	**(24,621,539)**
Capital expenditures	**29,296,830**	**-**	**29,296,830**
Investment in an associate	**-**	**57,363,516**	**57,363,516**
Total assets	**223,594,937**	**57,363,516**	**280,958,453**
Total liabilities	**95,964,506**	**-**	**95,964,506**

As at 31 December 2021, and for the year ended on that date:

	Traditional meals	Other segments	Total
Revenue	128,406,767	2,761,276	131,168,043
Cost of revenue	(137,648,592)	-	(137,648,592)
Administrative and selling expenses	(20,854,480)	-	(20,854,480)
Share of results in 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

* The financing cost, zakat expense and income tax were not analyzed at the segments level, because they are linked to the central treasury function, which manages the cash position at the Group level.

33. BUSINESS SEGMENTS (CONTINUED)

Geographical segments:
The Group operates mainly in the western region in the Western Kingdom of Saudi Arabia and also operates in other regions of the Kingdom of Saudi Arabia. The following is a summary of some information according to geographical regions as of 31 December 2022 and 2021.

	Western region	**Other regions**	**Total**
As at 31 December 2022, and for the year then ended:			
Revenue	**154,550,196**	**4,627,407**	**159,177,603**
Property, plant and equipment	**131,278,056**	**-**	**131,278,056**

	Western region	Other regions	Total
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

34. FAIR VALUE AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

34-1 Fair value measurements of financial instruments
As at 31 December 2022, the Group did not have any financial instruments measured at fair value (2021: Nil).

34-2 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.

The Group's objective when managing capital is to preserve the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders. and maintaining a strong capital base to support the sustainable development of its business.

The ratio of the Group's adjusted net liabilities to net equity is as follows:

	31 December 2022	31 December 2021
Total liabilities	**95,964,506**	116,919,297
Less: Cash and cash equivalents	**(27,465,154)**	(76,188,384)
Net liabilities	**68,499,352**	40,730,913
Total shareholder equity	**184,993,947**	207,920,317
Adjusted shareholder equity	**184,993,947**	207,920,317
Net liabilities to shareholders' equity	**0.37**	0.20

34. FAIR VALUE AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

34-2 Risk Management of Financial Instruments (CONTINUED)

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 2022	31 December 2021
Trade receivable	**5,883,593**	3,331,492
Due from related parties	**5,820,105**	8,482,038
Others receivables	**2,106,516**	1,733,188
Bank balances	**25,850,626**	75,422,442
	39,660,840	88,969,160

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.

Market risk
The company is exposed to market risk in the form of interest rate risk as shown below. During the review period, there were no changes in these conditions from the previous year.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risks of changes in interest rates in the market is mainly related to the long-term debt obligations of the company with the change in interest rates, and the fact that all long-term obligations carry fixed interest rates, the Group is not exposed to the risks of high interest rates on the obligations, especially the loans granted from the Agricultural Development Fund and the Saudi Industrial Development Fund.

34. FAIR VALUE AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

34-2 Financial Instruments Risk Management (continued)

Fair value of financial instruments
For the purposes of financial reporting, the company used the fair value hierarchy categorized in levels 1, 2, and 3 based on the degree of observance of the inputs in the fair value measurement and the importance of these inputs in measuring the fair value in its entirety, as shown below:

•**Level 1 -** Prices traded in an active market for similar assets or liabilities that the company can value at the measurement date (without modification).

•**Level 2 -** Inputs other than prices included in Level 1 that can be considered as a value for an asset or liability, either directly (for example, prices) or indirectly (for example, derived from prices).

•**Level 3 -** Inputs for assets and liabilities that are not based on observable market information (unobservable inputs).

The company does not have financial instruments measured at fair value, and the financial instruments are carried at amortized cost. As of the date of the financial statements, the fair value of these instruments approximates the amortized cost that has been taken into account in the financial reports and related disclosures.

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.

31 December 2022	**Carrying amount**	**Less than 1 year**	**More than 1 year and less than 5 years**	**More than 5 years**
Financial Liabilities				
Long-term loan	**17,415,007**	**7,000,000**	**10,415,007**	**-**
Trade payables	**15,202,229**	**15,202,229**	**-**	**-**
Due to related parties	**2,591,151**	**2,591,151**	**-**	**-**
	35,208,387	**24,793,380**	**10,415,007**	**-**

31 December 2021	Carrying amount	Less than 1 year	More than 1 year and less than 5 years	More than 5 years
Financial Liabilities				
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	-

35. SUBSEQUENT EVENTS

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law”) came into force on 26/6/1444H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the New Companies Law and will amend its By-Laws for any changes to align the Articles to the provisions of the new Law. Consequently, the Company shall present the amended By-Laws to the shareholders in their Extraordinary / Annual General Assembly meeting for their ratification.

Except for the above, there were no subsequent events after the statement of financial position date which require adjustments to/or disclosure in the consolidated financial statements.

36. COMPARISON FIGURES

Certain comparative figures have been reclassified to conform to the current presentation of the financial statements.

37. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 7 Ramadan1444H corresponding to 29 March 2023.