

RIDAN COMPANY FOOD
(LISTED COMPANY)

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

RIDAN COMPANY FOOD
(LISTED COMPANY)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

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INDEPENDENT AUDITOR'S REPORT






**TO THE SHAREHOLDERS OF RIDAN COMPANY FOOD
LISTED COMPANY
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

(1/6)

OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Ridan Company Food** (the "Company") as at 31 December 2025, 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 statement of financial position as at 31 December 2025;
-  The statements of profit or loss and other comprehensive income for the year then ended;
-  The statement of changes in equity for the year then ended;
-  The statement of cash flows for the year then ended, and;
-  The notes to the financial statements, including a summary of material accounting policies and other explanatory information.

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 Company 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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We would like to draw attention to Note (32) to the financial statements, which indicates that the Company's accumulated losses as at 31 December 2025 amounted to SR 55,989,599 representing 76.6% of the share capital (31 December 2024: SR 77,386,141 representing 48.9% of the share capital). In addition, the Company's current liabilities exceeded its current assets, resulting in a working capital deficit of SR 60,040,163 (31 December 2024: SR 35,233,245). These matters indicate the existence of significant doubt about the Company's ability to continue as a going concern and continue its operations without significant shortfalls. However, management has developed corrective plans through the implementation of a package of actions, which include diversifying the Company's products, increasing branch sales, focusing on the catering sector, enhancing revenues through signing long-term strategic agreements, and geographical expansion in areas not currently covered, as well as reducing operating expenses through centralizing warehouses, slaughterhouses and the central kitchen. In addition, on 29 May 2025, the Company announced the Board of Directors' recommendation to the Extraordinary General Assembly to the shareholders of the Company to restructure the Company's capital through reducing and increasing the Company's capital by extinguishing its shares. On 29 June 2025, the Company announced the approval of the Extraordinary General Assembly to the Board of Directors' recommendation by 95% to reduce the Company's capital through the cancellation of (8,494,864) shares of the Company, whereby one share was cancelled for every (0.53736) owned shares. Accordingly, the financial statements have been prepared on a going concern basis, our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF RIDAN COMPANY FOOD
LISTED COMPANY
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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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 year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
REVENUE RECOGNITION- REVENUE	
<p>With reference to the accounting policy related to revenue recognition, the Company's revenues for the year ending on 31 December, 2025 amounted to 114.1 million Saudi riyals (2024: 155.4 million Saudi riyals).</p> <p>Revenue is considered one of the key indicators for measuring performance, and as a result, there are inherent risks in the process of revenue recognition, such as recognizing revenue at amounts higher than their actual value.</p> <p>Revenue is recognized when services are provided to customers.</p> <ul style="list-style-type: none"> • Due to the inherent risks associated with the revenue recognition process and the importance of revenue value, the recognition of revenue from products and services has been identified as a key audit matter. <p>The Company's accounting policy explains how revenue is recognized, as mentioned in note 3, and the revenue analysis is presented in note 21.</p>	<p>We performed the following procedures in relation to revenue recognition:</p> <ul style="list-style-type: none"> • Assessed the appropriateness of the accounting policies relating to revenue from the sale of goods and their compliance with the requirements of IFRS 15, Revenue from Contracts with Customers. • Obtained an understanding of, and evaluated the design and implementation of, internal controls relevant to the revenue cycle, including controls over invoice issuance, transaction recording, and period-end cut-off. • Tested a sample of sales transactions and the related supporting documents to determine the performance obligations and the terms of delivery and timing of transfer of control, including testing a sample of sales invoices and inspecting point-of-sale reports. • Tested the appropriateness of the timing of revenue recognition by reviewing invoices issued near the financial year-end (cut-off procedures) and ensuring that revenue was recorded in the correct period. • Performed substantive analytical procedures to compare revenue trends with prior periods and analyze any significant variances. • Assessed the adequacy and appropriateness of the disclosures relating to revenue in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF RIDAN COMPANY FOOD
LISTED COMPANY
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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KEY AUDIT MATTERS (CONTINUED)

KEY AUDIT MATTERS	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
IMPAIRMENT OF INVESTMENTS IN COMPANIES THROUGH EQUITY METHOD (ASSOCIATE COMPANY)	
<p>Investments in associate companies amounted to 16.2 million Saudi riyals as of 31 December, 2025 (2024: 36.3 million Saudi riyals).</p> <ul style="list-style-type: none"> Management conducted the annual impairment assessment of the investments as of 31 December 2025. The impairment assessment was performed by comparing the book value of the cash-generating unit, including goodwill, with its recoverable value. The recoverable value of the cash-generating unit was determined based on value-in-use calculations. These calculations use the discounted cash flow model by using cash flow forecasts, based on historical data from the approved financial statements, and the approved budgets for the cash-generating unit that cover a period of 5 years, including the Company's value-in-use calculations make critical assumptions regarding cash flow forecasts and discount rates and are highly sensitive to changes in these assumptions. <p>We considered impairment of investments to be a key audit matter because the estimation of future cash flows and the assumptions used in calculating the discounted value of those flows involve judgments and estimates that affect the determination of the recoverable amount and, as a result, affect the assessment of impairment of investments.</p>	<p>We performed the following procedures in relation to management's assessment of impairment of investment in associate Company:</p> <ul style="list-style-type: none"> Evaluate the design, implementation and testing of the effectiveness and efficiency of control systems related to the investment in associate Company impairment assessment process. Evaluating the suitability of the impairment assessment model followed by the Company based on the requirements of IAS 36. Obtaining impairment assessments prepared by a local evaluator accredited by the Saudi Authority of Accredited valuers and ensuring his independence, the scope of his work, the extent of the evaluator's competence and his previous experience. Engage our specialists to evaluate the reasonableness of value-in-use calculations and underlying assumptions, including cash flow projections and discount rates used. Examining the accuracy and suitability of the input data used in the model by referring to supporting evidence, including approved business plans, and considering the reasonableness of this data by comparing it to historical results and the Company's performance against the business plans. Evaluating the adequacy of the disclosures contained in the financial statements, including disclosure of assumptions, key provisions, and sensitivity analysis.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF RIDAN COMPANY FOOD
LISTED COMPANY
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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KEY AUDIT MATTERS (CONTINUED)

KEY AUDIT MATTERS	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
IMPAIRMENT OF NON-CURRENT ASSETS	
<p>As of 31 December 2025, the Company owns property, plant and equipment with a net book value of 71.4 million Saudi riyals (2024: 95.5 million Saudi riyals), and right-of-use assets amounting to 36.6 million Saudi riyals (2024: 44.2 million Saudi riyals), collectively referred to as “non-current assets”.</p> <ul style="list-style-type: none"> • At each financial reporting date, management assesses whether there are events or changes in circumstances (impairment indicators) that may indicate that the carrying value of those non-current assets may not be recoverable, if any such impairment indicators are identified. Management conducts a detailed impairment assessment and compares the results to the book value of the cash generating units (the Company's branches). • For the purposes of preparing the financial statements as of 31 December 2025, management considered the results of the Company's branches' operations for the current year and previous periods as an indicator of impairment and accordingly conducted a detailed assessment of impairment as of 31 December, 2025, by an external evaluator accredited by the Saudi Authority of Valuations. • Based on these evaluations, each branch was considered a cash-generating unit, and the recoverable value was estimated based on the business plans approved by the Board of Directors, which reflect management's view of market conditions. Some key assumptions and provisions were also used, such as estimating appropriate growth and discount rates. • Management concluded that the recoverable amount of certain cash-generating units was lower than their carrying amount, and therefore, an impairment provision was recognized against the recorded book value. <p>We considered impairment of non-current assets to be a key audit matter because the estimation of future cash flows and the assumptions used in calculating the discounted value of those cash flows involve judgments and estimates that affect the determination of the recoverable amount and, as a result, affect the assessment of impairment of non-current assets.</p>	<p>We performed the following procedures in relation to management's assessment of impairment of non-current assets:</p> <ul style="list-style-type: none"> • Evaluated the design, implementation, and tested the effectiveness and efficiency of the control systems related to the process of assessing impairment of non-current assets. • Evaluating the suitability of the impairment assessment model for non-current assets that the Company followed based on the requirements of IAS 36. • Obtaining impairment assessments prepared by a local evaluator accredited by the Saudi Evaluators Authority and ensuring his independence, the scope of his work, the extent of the evaluator's competence and his previous experience. • Engage our specialists to evaluate the reasonableness of value-in-use calculations and underlying assumptions, including cash flow projections and discount rates used. • Examining the accuracy and suitability of the input data used in the model by referring to supporting evidence, including approved business plans, and considering the reasonableness of this data by comparing it to historical results and the Company's performance against the business plans. • Evaluating the adequacy of the disclosures contained in the financial statements, including disclosure of assumptions, key provisions, and sensitivity analysis.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF RIDAN COMPANY FOOD LISTED COMPANY REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the Annual Report of the Company but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, Company's By-laws and the applicable requirements of Company's regulations, and for such 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objective is 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 ISAs will always detect a material misstatement when it exists, misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 company's internal control.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF RIDAN COMPANY FOOD
LISTED COMPANY
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

(6/6)

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

- Evaluate the appropriateness of accounting policies used, the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exist related to events or conditions that may cast significant doubt on the company'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 disclosure 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 company 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.

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

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

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

For PKF AI-Bassam
Chartered Accountants



Ahmed A. Mohandis
Certified Public Accountant
محاسب مهني مرخص، رقم الترخيص: (477)

Jeddah 21051, 1447H

Corresponding to: 8 April, 2026G
chartered accountants

RIDAN COMPANY FOOD
(LISTED COMPANY)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025
(Expressed in Saudi Arabian Riyals)



	Notes	31 December 2025	31 December 2024
Assets			
Non-current assets			
Property, plant and equipment, net	5	71,356,176	95,501,944
Intangible assets, net	6	142,526	184,106
Right-of-use assets, net	7	36,605,890	44,246,492
Investments in associate Company through equity method	8	16,205,833	36,340,784
Total non-current assets		124,310,425	176,273,326
Current assets			
Inventory	9	1,208,377	3,057,161
Trade receivables, net	10	4,796,320	3,962,819
Due from related party	27	1,166,326	2,071,461
Prepayments and other receivables, net	11	3,714,321	9,873,608
Cash and cash equivalents	12	1,353,666	1,199,555
Total current assets		12,239,010	20,164,604
Total assets		136,549,435	196,437,930
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	13	73,136,030	158,084,670
Accumulated losses		(55,989,599)	(77,386,141)
Foreign currency translation reserve		--	279,728
Total Shareholders' equity		17,146,431	80,978,257
Liabilities			
Non-current liabilities			
Lease liabilities – non-current portion	7	37,951,965	46,158,990
Long term loans – non-current portion	16	--	2,248,414
End of service benefits	17	9,171,866	11,654,420
Total non-current liabilities		47,123,831	60,061,824
Current liabilities			
Lease liabilities – current portion	7	9,997,923	10,408,109
Long term loans – current portion	16	3,367,843	2,967,528
Trade payables		24,660,226	21,911,735
Accrued expenses and other payables	18	33,724,205	19,583,938
Accrued zakat	19	76,218	526,539
Liquidation deficit of a subsidiary – under liquidation	20	452,758	--
Total current liabilities		72,279,173	55,397,849
Total liabilities		119,403,004	115,459,673
Total Shareholders' equity and liabilities		136,549,435	196,437,930
Capital Commitments and contingent Commitments	28	--	--

Chief Executive Officer
Khalil Kamil Abufadel

Chairman
Nair Bayan Al-Sulami

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

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Arabian Riyals)

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	Notes	2025	2024
Revenue, net	21	114,080,252	155,367,760
Cost of revenue	22	(125,517,628)	(154,150,349)
Gross (Loss) profit		(11,437,376)	1,217,411
Selling and marketing expenses	23	(7,625,906)	(12,181,669)
General and Administrative expenses	24	(15,764,768)	(17,007,379)
Impairment charge on property, plant and equipment	5	(5,551,671)	(32,707,509)
(Loss) Gain on disposal of property, plant and equipment	5	(636,890)	5,000
Impairment of right-of-use assets	7	1,269,318	(4,771,687)
Impairment of other receivables	11	534,890	--
Expected credit losses	10	(1,601,572)	(600,778)
Operating loss		(40,813,975)	(66,046,611)
Share from investment in associate Company through equity method	8	(4,623,548)	(465,186)
Impairment of investment in associates Company through equity method	8	(15,885,894)	(2,685,020)
Finance costs	26	(5,121,307)	(5,018,989)
Other income, net	25	1,805,958	2,036,794
Liquidation deficit of a subsidiary – under liquidation	20	(14,139)	(626,190)
Loss before zakat		(64,652,905)	(72,805,202)
Zakat	19	(76,218)	(300,218)
Net Loss After Zakat		(64,729,123)	(73,105,420)
Other comprehensive income (OCI):			
OCI that may be reclassified to statement of profit or loss in subsequent period:			
Foreign currency translation differences related to foreign operations		--	(70,957)
OCI that not be reclassified to statement of profit or loss in subsequent period:			
Remeasurement of defined benefits liability	17	905,345	164,687
Share of other comprehensive loss of the associate	8	(8,042)	(67,998)
Total other comprehensive income		897,303	25,732
Total comprehensive (loss)		(63,831,820)	(73,079,688)
Basic and diluted	15	(4.2)	(4.62)

Chief Executive Officer
Khalil Kamil Abufadel



Chairman
Nair Bayan Al-Sulami



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

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

(Expressed in Saudi Arabian Riyals)



	Share capital	Accumulated losses	Foreign currency translation Reserve	Total Shareholders' equity
2024:				
Balance as at 1 January 2024	158,084,670	(4,377,410)	350,685	154,057,945
Loss for the year	--	(73,105,420)	--	(73,105,420)
Other comprehensive income	--	96,689	(70,957)	25,732
Total comprehensive (loss)	--	(73,008,731)	(70,957)	(73,079,688)
Balance as at 31 December 2024	158,084,670	(77,386,141)	279,728	80,978,257
2025:				
Balance as at 1 January 2025	158,084,670	(77,386,141)	279,728	80,978,257
Accumulated losses extinguishment (note 1)	(84,948,640)	84,948,640	--	--
Foreign currency reserve extinguishment	--	279,728	(279,728)	--
Loss for the year	--	(64,729,123)	--	(64,729,123)
Other comprehensive income	--	897,303	--	897,303
Total comprehensive (loss)	--	(63,831,820)	--	(63,831,820)
Balance as at 31 December 2025	73,136,030	(55,989,599)	--	17,146,431

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Chief Executive Officer
Khalil Kamil Abufadel

Chairman
Nair Bayan Al-Sulami

The accompanying notes form an integral part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Arabian Riyals)

	Note	2025	2024
Operating activities			
Net income for the year before zakat		(64,652,905)	(72,805,202)
Adjustments for non-cash items:			
Depreciation of property, plant and equipment	5	9,357,898	9,703,190
Impairment charge / Reversal on Property, Plant, and Equipment	5	5,551,671	32,707,509
Losses (Gains) on Disposal of Property, Plant, and Equipment	5	636,890	(5,000)
Amortization of right-of-use assets	7	8,027,507	8,425,381
Reversal / Charged of impairment loss on right-of-use assets	7	(1,269,318)	4,771,687
Gain on disposal of right-of-use assets	7	(321,935)	--
Amortization of intangible assets	6	41,580	48,693
Finance cost	26	3,952,861	5,018,989
Share from investment in associate company through equity method	8	4,241,015	465,186
Impairment in investment in associate company through equity method	8	15,885,894	2,685,020
Expected credit losses Provision	10	1,601,572	600,778
Reversal of Impairment charge on other receivables	11	(534,890)	--
End-of-service benefits	17	1,605,372	2,167,734
Related party provision	27	230,232	--
Share from investment in subsidiaries through equity method	20	14,139	--
Reversal of provisions no longer required	18	--	(159,905)
		(15,632,417)	(6,375,940)
Changes in working capital:			
Inventory		1,848,784	2,787,187
Trade receivables		(2,435,073)	4,329,700
Due from related party		674,903	875,797
Prepayments and other receivables		6,377,827	5,026,991
Accrued expenses and other payables		12,523,288	4,301,771
Trade payable		2,748,491	9,015,179
Cash flow generated from operating activities		6,105,803	19,960,685
Finance costs paid		(641,076)	(744,877)
Paid end-of-service benefits for employees	17	(3,784,413)	(2,265,469)
Paid Zakat and income tax	19	(526,539)	(789,806)
Net cash generated from operating activities		1,153,775	16,160,533
Investing activities			
Purchase of property, plant and equipment	5	(1,088,839)	(6,236,726)
Proceeds from sale of property, plant and equipment	5	9,988,148	9,034
Purchase of intangible assets	6	--	(198,000)
Net cash generated from / (used in) investing activities		8,599,309	(6,425,692)
Financing activities			
Repayment of long-term loan		(1,848,099)	(5,264,438)
Repayment of lease liability		(7,750,874)	(8,852,199)
Net cash flows (used in) financing activities		(9,598,973)	(14,116,637)
Net change in cash and cash equivalents		154,111	(4,381,796)
Effect of foreign currency translation		--	(895,288)
Cash and cash equivalents at the beginning of the year		1,199,555	6,476,639
Cash and cash equivalents at the year ending		1,353,666	920,000,199,555

Chief Executive Officer

Khalil Kamil Abdulrahman

The accompanying notes form an integral part of these financial statements

Chairman

Neeraj Kumar / Al Sulami

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STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Arabian Riyals)

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Non-cash transactions

	2025	2024
Capital Reduction	84,948,640	--
Accumulated losses	(84,948,640)	--
Finance cost	(3,311,785)	(4,274,112)
Lease liabilities	2,709,953	3,193,000
End of service benefits	601,832	795,890
Amortization of prepaid financing costs	--	285,222
End of service benefits	905,345	--
Remeasurement of defined benefit obligation for employees	(905,345)	--
Accrued expenses and other credit balances	2,371,942	1,470,361
Lease liabilities	(2,371,942)	(1,470,361)
Purchase of right-of-use assets	--	(1,517,242)
Lease liabilities	--	1,517,242

Chief Executive Officer

Khalil Kamil Abufadel

Chairman

Nair Bayan Al-Sulami

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

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RIDAN COMPANY FOOD
(LISTED COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Arabian Riyals)

1. ORGANISATION AND ACTIVITIES

Ridan Company Food is a Listed Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030180055 and (unique number 7001562359) issued in Jeddah on 11 Jumada II 1429H corresponding to 15 June 2008.

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

On 2 May 2021, the Capital Market Authority approved the company's capital increase request by an amount of SR 112.5 million by issuing priority rights shares, bringing the company's capital to SR 337.5 million. The Company completed the offering and capital increase on August 25, 2021.

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

On 29 May 2025, corresponding to 2 Dhu al-Hijjah 1446H, the Board of Directors' recommendation to the Extraordinary General Meeting of the shareholders to restructure the company's share capital by reducing and increasing the share capital through rights issue shares. On 2 November 2025, the company announced that the General Assembly approved the Board of Directors' recommendation to reduce the company's share capital by 95%. This was achieved by cancelling (8,494,864) shares, equivalent to (0.53736) share cancelled for each existing share.

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

The headquarters of the Company and general administration is located in Jeddah – Prince Miteb Street.

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

Branch CR number	Location	Date
7007633535	Jeddah	8 Jumada Al-Thani 1432H
7013410050	Jeddah	8 Jumada Al-Thani 1432H
7011578882	Jeddah	11 Jumada Al-Thani 1432H
7013875823	Jeddah	11 Jumada Al-Thani 1432H
7011859142	Jeddah	11 Jumada Al-Thani 1432H
7013587386	Jeddah	11 Jumada Al-Thani 1432H
7007011252	Jeddah	11 Jumada Al-Thani 1432H
7012344623	Jeddah	14 Rabi` Al-Awwal 1435H
7005597849	Jeddah	14 Rabi` Al-Thani 1440H
7015122232	Jeddah	7 Rabi` Al-Awwal 1436H
7011473142	Jeddah	11 Jumada Al-Awwal 1436H
7003724049	Mecca	6 Rabi Al-Awwal 1438H
7002572969	Mecca	3 Jumada Al-Thani 1439H
7008773561	Alqunfatha	13 Shaaban 1440H
7003784225	Al Madinah Almonawra	25 Muharram1439H
7040722907	Jeddah	19 Dhu al-Hijjah1445H
7040799491	Jeddah	26 Dhu al-Hijjah1445H

RIDAN COMPANY FOOD
(LISTED COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
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1. ORGANISATION AND ACTIVITIES (CONTINUED)

The financial statements include the accounts of the Company and its subsidiary as follows:

<u>Subsidiary name</u>	<u>Country of incorporation</u>	<u>Direct ownership</u>		<u>Main Activities</u>
		<u>2025</u>	<u>2024</u>	
Ridan Kitchens and Restaurants Egypt (Limited liability Company)	Egypt	100%	100%	Setting up and operating fixed restaurants to sell and provide ready meals and real estate investment

The company'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 company's branches in the Arab Republic of Egypt.

The second partner in the subsidiary Company, Mr. Mansour bin Awadallah bin Ahmed Al-Sulami, decided to relinquish his entire share in the Company's capital, amounting to 1%, in favor of the first partner, Ridan Company Food - a listed company - who owns 99% of the capital. The Company's capital became 100% fully owned by Ridan Company Food - a listed company. An extraordinary general assembly meeting was held on 25 October, 2023, to approve the waiver, and the Company's articles of incorporation and commercial registry are being amended to transform the Company into a one-person limited liability Company.

In accordance with the Extraordinary General Assembly decision held on 17 January 2025, Ridan Company Food Egypt (LLC) has been placed under liquidation, and Mr. Mohamed Ismail Amer has been appointed as the liquidator, with duties outlined in Article 145 of Law 159 of 1981, as follows:

- 1- Settling the Company's outstanding debts.
- 2- Representing the Company in legal matters, including settlement and arbitration.
- 3- Selling the Company's assets, both movable and immovable, through public auction or other means unless the liquidation appointment document specifies a particular method for sale.

The liquidation period will be (one year) starting from the date of registration in the commercial registry.

2. BASIS OF PREPERATION

2/1 Statement of Compliance

The financial statements have been prepared on 31 December 2025 in accordance with the International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants.

2/2 Basis of Measurement

Financial statements have been prepared on the historical cost basis, unless IFRSs permit measurement using other valuation techniques.

Financial statements in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the amounts disclosed in the financial statements. These significant estimates and assumptions are disclosed in Note 4.

The financial statements are measured using the currency of the primary economic environment in which the Company operates ("functional currency"). The financial statements are presented in Saudi riyals, which is the functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
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2. BASIS OF PREPARATION (CONTINUED)

2/3 Use of judgements and estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and actual results may differ from these estimates.

Estimates and assumptions are based on prior experience and other factors, including expectations of future events that are considered appropriate under the circumstances. They are used to determine the carrying amounts of assets and liabilities when such amounts are not readily available from other sources. Estimates and assumptions are evaluated on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, and in future periods if those revisions affect both current and future periods

Significant judgments made by the management upon the adopting the Company's accounting policies correspond to the disclosed policies in last year's financial statements.

3. MATERIAL ACCOUNTING POLICIES

The following is a summary of the significant accounting policies applied in the preparation of the Company's financial statements. These policies have been applied consistently to all periods presented, except as noted in Basis of Preparation in note 2, unless otherwise stated.

3/1 Basis of consolidation of financial statements

As at December 31, 2024, the financial statements of the Company include the financial statements of the Company and its subsidiary as shown in Note No. (1). Control is achieved when the Company is exposed, or has rights, to returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company considers controlling an investee when the Company has:

1. Control of the investee company (existing rights that give it the current ability to direct the activities of the investee).
2. Exposure to risks and rights to various returns from its overlap with the investee company (subsidiary company)
3. The ability to use its power over the investee company (subsidiary company) to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one of the elements of control described above. The process of consolidation of a subsidiary begins when the company obtains control of the subsidiary and ceases when the company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the financial statements from the date the Company acquires control of the subsidiary until the date it ceases.

Profits and losses and all components of other comprehensive income are attributable to the equity holders of the Company's parent Company, even if this results in a deficit balance in favor of the non-controlling interests. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies, Any unrealized gains or losses arising from intra-group transactions are also eliminated upon consolidation of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3/1 Basis of consolidation of financial statements (continued)

A change in the ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction, when the Company loses control of a subsidiary that:

- De-recognition of the assets (including goodwill) and liabilities of the subsidiary.
- De-recognition of the carrying amount of any non-controlling interest.
- Establishing the fair value of the amount received.
- Recognize the fair value of any investment held.
- Proving the surplus or deficit in profit or loss

The Parent Company's share of the aforementioned components of other comprehensive income is reclassified to profit or loss or retained earnings, as appropriate, as would be required if the Company had directly disposed of the related assets and liabilities.

Eliminations

Intra-company balances and transactions, as well as any unrealized gains or losses arising from intra-company transactions, are eliminated in full when preparing these financial statements. Unrealized gains arising from transactions with equity investees are eliminated to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but to the extent that there is no evidence of impairment.

Non-controlling interests

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

NOTES TO THE FINANCIAL STATEMENTS
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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3/2 New and amended IFRS standards issued

The following amendments to standards relevant to the Company are effective for the annual periods beginning on or after 1 January 2025, however, there is no significant impact of these on the financial statements.

Amendments to standards	Description	Effective from accounting period beginning on or after	Summary of amendment	Management assessment
IAS 21	Lack of Exchangeability	1 January 2025	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.	The management assessed the application of these amendments and concluded that they did not have a material impact on the Company's financial position, financial performance, or cash flows during the current reporting period.

The Company has not early adopted the following new amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to standards	Description	Effective from accounting period beginning on or after	Summary of amendment	Management assessment
IFRS 9 & IFRS 7	Presentation and Disclosure of Financial Instruments	1 January 2026	The amendments clarify the timing requirements for the recognition of certain financial assets and liabilities and their derecognition at the settlement date, with an exception for the purchase and sale of certain financial assets and liabilities that meet the conditions for the new exemption. The new exemption allows for derecognition of certain financial liabilities settled through electronic payment systems before the settlement date. These amendments also provide guidance for assessing the contractual cash flow characteristics of financial assets, which applies to all potential cash flows, including those related to environmental, social, and governance (ESG) objectives. Additionally, these updates will require new disclosures and other updates.	The management conducted an initial assessment and does not expect the adoption of these amendments to have a material impact on the Company's financial statements, as the Company's financial instruments and their settlement arrangements are not expected to be materially affected.

NOTES TO THE FINANCIAL STATEMENTS
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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3/2 New and amended IFRS standards issued (continued)

<u>Amendments to standards</u>	<u>Description</u>	<u>Effective from accounting period beginning on or after</u>	<u>Summary of amendment</u>	<u>Management assessment</u>
IFRS 9 & IFRS 7	Contracts related to nature-based electricity	1 January 2026	These amendments modify the “own-use” requirements and hedge accounting provisions of IFRS 9 for contracts that expose entities to fluctuations in electricity prices due to uncontrollable natural conditions, such as weather. Specific disclosure requirements are also introduced under IFRS 7	Based on the nature of the Company’s operations and contractual arrangements, management does not expect these amendments to have a material impact on the Company’s financial statements upon initial application.
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027	IFRS 18 replaces IAS 1 and defines the basic presentation and disclosure requirements for financial statements. The changes, primarily affecting the income statement, include requirements to classify revenues and expenses into three new categories: operating, investing, and financing. It also requires the presentation of subcategories for operating profit or loss and profit or loss before financing and taxes.	Management intends to adopt the standard from its effective date and expects its application to have a material impact on the presentation of the financial statements. The Company will review and update its current accounting policies to comply with the requirements of IFRS 18. Comparative figures for the previous year will be restated, where applicable, to ensure consistency and provide users with understandable information on the effects of adopting the new standard. Management is committed to enhancing the level of disclosure in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3/2 New and amended IFRS standards issued (continued)

<u>Amendments to standards</u>	<u>Description</u>	<u>Effective from accounting period beginning on or after</u>	<u>Summary of amendment</u>	<u>Management assessment</u>
IFRS 19	Subsidiaries Not Subject to Public Accountability	1 January 2027	IFRS 19 permits reduced disclosures for qualifying subsidiaries when applying IFRS financial reporting standards. A subsidiary qualifies when the ultimate parent prepares financial statements for general-purpose use in accordance with IFRS.	Management intends to adopt the standard from its effective date and expects that its application will not have any material impact on the financial statements.

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.

3/3 Foreign Currencies Translation

Translation of foreign currency transactions

Transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the end of each reporting period at the exchange rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined.

Exchange differences on monetary items are recognized in the statement of profit or loss in the year in which they arise except for foreign exchange differences on monetary items due from or due to a foreign operation that are not likely or due to be settled (and therefore form part of the net investment in the foreign operation) which is initially recognized in other comprehensive income and is reclassified from shareholders' equity to the statement of profit or loss upon settlement of the monetary items.

On disposal of a foreign operation (disposal of the Company's entire interest in a foreign operation, disposal involving loss of control of a subsidiary that includes a foreign operation), all cumulative exchange differences in equity for that operation attributable to the Company's shareholders are reclassified to the statement of profit or loss. In addition, in connection with the partial disposal of a subsidiary that includes a foreign operation, which does not result in the Company losing control of the subsidiary, the proportionate share of the accumulated exchange differences is redistributed to the non-controlling interests and is not recognized in the statement of profit or loss. For all other partial disposals (such as partial disposals of associates or joint arrangements that do not result in the Company losing significant influence or joint control), the proportionate share of the cumulative exchange rate differences is reclassified to the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3/3 Foreign Currencies Translation (continued)

Foreign Currency Translation Differences for the Subsidiary

The subsidiary records transactions denominated in currencies other than the reporting currency based on the exchange rates prevailing at the transaction date. Foreign currency cash and cash-equivalent assets and liabilities are translated at the exchange rates in effect at the end of each financial period. Exchange differences arising from foreign currency transactions are recognized in the income statement in the period in which they arise, except when other comprehensive income is deferred to cover qualified cash flows

Assets and liabilities presented in the financial statements of foreign entities, whose functional currency is the Saudi Riyal (which is the company's functional and presentation currency), are translated using the exchange rates prevailing at the year-end. Revenues and expenses are translated into Saudi Riyals based on the weighted average exchange rates for the year or, in the case of significant transactions, at the exchange rate prevailing on the date of the transaction.

Changes arising from the retranslation of the opening balance of the net assets of foreign operations, as well as changes resulting from the translation of the net results for the year of foreign operations, are recognized in other comprehensive income.

When there is a change in control of foreign operations, the exchange rate differences recognized in equity are recognized in the profit or loss statement as part of the gains or losses on disposal.

3/4 Property, plant and equipment

Property, plant and equipment except lands owned by the Company and properties work in progress are stated at cost less accumulated depreciation and impairment in value, if any. Lands owned by the Company and properties work in progress is valued at cost.

Depreciation is charged to income applying the straight-line method at the rates specified in the property, plant and equipment note.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its continued use. Any gain or loss arising from the sale or disposal of an item of property and equipment is determined as the difference between the net proceeds from the sale and the carrying amount of the asset and is recognized in the income statement.

The estimated useful lives of assets will be depreciated as follows:

<u>Item</u>	<u>Rate</u>
Buildings	5%
Leasehold improvements	14% - 20%
Operating machinery and equipment	15% - 20%
Vehicles	20% - 25%
Furniture and fixtures	10% - 20%

In respect of additions and disposals during the year, depreciation is charged from the month of acquisition or capitalization and up to the months preceding of disposal respectively.

NOTES TO THE FINANCIAL STATEMENTS
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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3/4 Property, plant and equipment (continued)

Annual review of residual values and useful live

The residual value of the asset is the current estimated amount that the Company can obtain from excluding the asset after deducting the estimated costs of exclusion if the asset has already reached the expected life and condition at the end of its useful life.

The residual values and useful lives of the assets are reviewed and adjusted, if necessary, at the end of each financial period. If the forecasts differ from previous estimates, (the changes) are calculated as a change in accounting estimates

Asset segmentation

Property, plant and equipment often consists of different parts with different useful lives or consumption patterns. These parts are replaced (independently) during the useful life of the asset. Accordingly:

Each part of the item of property, plant and equipment is depreciated, the cost of which is relatively important relative to the total cost of the item independently (unless one of the important parts has the same useful life and the method of consuming another part of the same item of property, plant and equipment, in which case, the two parts can be combined together for the purpose of consumption).

Under the segmentation approach, the Company does not recognize the daily maintenance costs of the item in the carrying amount of the item of property, plant and equipment. These costs are recognized in the statement of profit or loss when incurred. The components of the different assets are determined and depreciated separately only for the significant parts of property, plant and equipment with useful lives or different depreciation patterns. However, the principles regarding parts replacement (which represent the subsequent cost of a replacement part) generally apply to all specific parts, regardless of whether they are significant or not important.

Projects under construction

The cost of the projects under construction is calculated on the basis of the actual cost and is shown as projects under implementation until the project is received from the contractor, then it is transferred to the various items within property, plant and equipment, and then depreciation is started.

Capitalization of costs within property, plant and equipment

The cost of item of property, plant and equipment consists of the following:

- Purchase price, including import duties and non-refundable purchase taxes, after discounting commercial discounts and discounts.
- Any costs directly related to the origin of the site and the necessary condition for its operation in the manner deemed appropriate for the administration.
- Initial estimation of the costs of dismantling and moving the item, returning the site on which it is located to its natural state, and the obligation incurred either as a result of purchasing this item or as a result of using it during a specific period for purposes other than producing inventories during that year.

Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably, the recognition of the carrying amount of one of the parts recognized as a separate asset ceases at replace it.

NOTES TO THE FINANCIAL STATEMENTS
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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3/4 Property, plant and equipment (continued)

Borrowing costs related to the qualifying assets are capitalized as part of the cost of the qualifying assets until commencement of commercial production.

All other repair and maintenance expenses are charged to the statement of profit or loss during the period of the financial statements in which they are incurred. Regular maintenance and repairs that do not increase the estimated useful life of the asset or production outputs are charged to the statement of profit or loss when incurred.

3/5 Intangible assets

Intangible assets represent computer software licenses. Expenditures incurred are capitalized, net of any impairment, if any. Computer software licenses are acquired and recorded at cost and are amortized using the straight-line method over a period of 5 years.

3/6 Investments in companies using the equity method

An associate Company is an entity over which the company has significant influence. Significant influence is the ability of the company to participate in the financial and operating decisions of the investee, but it does not constitute control or joint control over those policies.

The results, assets, and liabilities of associate companies are included in these financial statements using the equity method. Under this method, the investment in the associate is initially recorded at cost in the statement of financial position, and subsequently adjusted to reflect the company's share of the investee's profit or loss and other comprehensive income. When the company's share of the associate's losses exceeds its investment in the associate (which includes any long-term interest that forms part of the company's net investment in the associate), the company discontinues recognizing its share of additional losses. Additional losses are only recognized to the extent that the company has incurred legal or contractual obligations or made payments on behalf of the associate. If the associate subsequently records profits, the company resumes recognizing its share of those profits only when its share of the profits equals its share of previously unrecognized losses.

The company accounts for its investment in the associate using the equity method from the date it becomes an associate. Upon acquiring an investment in an associate, any excess of the investment cost over the company's share of the fair value of identifiable assets and liabilities of the associate is recognized as goodwill and included in the carrying amount of the investment. Any increase in the company's share of the fair value of the associate's identifiable assets and liabilities above the investment cost is immediately recognized in the profit or loss for the year in which the investment is acquired.

When a group entity transacts with an associate of the group, profits and losses resulting from such transactions are recognized in the group's financial statements only to the extent of the interests in the associate that are not related to the group.

NOTES TO THE FINANCIAL STATEMENTS
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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3/7 Inventories

Raw materials, packaging materials, and vendor finished materials are valued at cost or net realizable value, whichever is lower, and cost is determined on a weighted average basis. Cost consists of the purchase cost and, where applicable, the direct costs and indirect expenses incurred to bring the inventory to its location and condition. Current ones.

The net realizable value is determined from the estimated selling price in the ordinary course of business, less the costs of completion and any other costs necessary to make the sale.

Operating supplies and spare parts not held for resale, which are consumed within one year, are measured at cost. Cost is determined using the weighted average cost method. A provision for obsolete and slow-moving items, if any, is estimated at the date of each financial report.

Net realizable value and inventories provision valuation

Net realizable value is the estimated selling price in the normal course of business of the Company less the estimated costs of completion and selling and distribution expenses. The valuation of the net realizable value of inventories reduction is usually done on an individual basis. This is when the product is from the same product line (which has a similar purpose and end use) and is marketed in the same geographical area.

Reducing inventories below cost to their net realizable value is in accordance with International Financial Reporting Standards that the value of assets should not be increased more than the amounts expected to be realized from their sale.

A provision is made for slow moving, obsolete and obsolete inventories. Damaged inventories is identified and reduced when you perform the inventories count. The provision for slow moving and obsolete inventories is assessed by category of inventories as part of the financial report. The stage is evaluated based on comparison of the level of completeness of inventories held with expected and potential future sales.

3/8 Financial instruments

Non-derivative financial instruments

The Company has applied the following classification and measurement requirements for financial instruments.

Recognition of financial instruments

Financial asset and liability is recognized when the Company represents a part of contractual obligations of the instrument, which is usually at the date of trade. The Company derecognizes financial asset when contractual cash flows of these assets are expired, or when the Company transfers financial asset's contractual cash flows in a transaction in which all risks and rewards of ownership of assets are substantially transferred. Any interests resulted from transferred financial assets that the Company has established or held as separate assets or liabilities are recognized.

De-recognition

On de-recognition of a financial asset, the difference between the carrying amount of the asset and the sum of (1) the consideration received (including any new asset obtained less any new liability assumed) and (2) any cumulative gain or loss that had been recognized in OCI is recognized in the profit or loss. However, in respect of equity securities designated as at FVOCI, any cumulative gain / loss recognized in OCI is not recognized in the profit or loss on de-recognition.

NOTES TO THE FINANCIAL STATEMENTS
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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3/8 Financial instruments (continued)

A financial liability is derecognized from the statement of financial position when the Company has discharged its obligation or the contract is cancelled or expires.

The Company de-recognizes financial assets primarily when:

- contractual rights of cash flows from financial assets expire; or
- the Company transfers the rights to collect contractual cash flows in the transaction through which all risks and rewards of ownership of the financial assets are transferred or through which the company does not make a material transfer; or
- retain all risks and rewards of ownership and do not maintain control over financial assets.

The Company derecognizes financial liabilities when the contractual obligations are discharged, cancelled, or expired. The Company also derecognizes financial liabilities when their terms are modified and the cash flows of the modified liabilities are substantially different. In such cases, a new financial liability is recognized at fair value based on the modified terms.

Upon derecognition of a financial liability, the difference between the carrying amount settled and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the income statement.

Classification of financial instruments

The Company classified its financial assets into the following measurement categories:

- Assets to be measured at amortized cost; or
- Fair value through profit or loss (FVTPL); or
- FVOCI - investment in equity instruments

The classification depends on the Company's business model for managing financial assets and the contractual terms of the cash flows of the financial assets. Financial assets are not subsequently reclassified from their initial measurement unless the Company changes its business model for managing financial assets. In such a case, all affected financial assets are reclassified on the first day of the first subsequent financial period following the change in the business model.

Financial assets are measured at amortized cost if it meets both of the following conditions and are not recognized as financial assets at fair value through profit or loss:

- Kept in business model which aims to keep assets to gain contractual cash flows; and
- The contractual conditions lead to enter into certain dates for cash flows which represent the principal and the interests of the basic pending amount.

Upon the initial measurement of equity instruments, which the Company does not hold for trading purpose, the Company can elect to present any subsequent changes in fair value for these investments in the statement of other comprehensive income. This election is made on an investment by investment basis.

Any other financial assets not classified or measured at amortized cost or fair value through other comprehensive income as above mentioned, are measured at fair value through profit or loss, including derivative financial assets.

NOTES TO THE FINANCIAL STATEMENTS
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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3/8 Financial instruments (Continued)

Financial assets- subsequent measurement - profits or losses

Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses (see below). Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss is recognized in profit or loss.
FVOCI (Equity instruments)	These assets are subsequently measured at fair value. Dividends are recognized as revenues in the statement of profit or loss, unless these dividends represent recoverable amounts for part of the investment cost. Any other profits or losses are recognized in the statement of other comprehensive income and shall not be reclassified to the statement of profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net profits or losses, including any benefits or dividends are recognized in the statement of profits or loss.

Reclassification

When an entity changes its business model for managing financial assets it shall reclassify all affected financial assets in accordance with the above-mentioned classification requirements.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Share capital

Instruments issued by the Company are classified as equity (shareholders' equity) only to the extent that the definition of the asset or liability does not apply. The Company's ordinary shares are classified as equity instruments (Shareholders' equity).

Impairment

Impairment of financial assets

IFRS 9 requires an entity to follow an expected credit loss model for the impairment of financial assets.

Expected credit loss should be measured for financial assets measured at amortized cost or fair value through other comprehensive income, except for equity instruments investments.

Under IFRS 9, loss allowances are measured on either of the following bases:

- The 12-month expected credit loss. This expected credit loss arises from default events that are possible within 12 months after the reporting date.
- Lifetime expected credit loss. These are ECLs that result from all possible default events over the expected life of a financial instrument.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3/9 Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

For trade receivables, which are reported net; such provisions are recorded in a separate allowance account with the loss being recognized within the statement of profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

3/10 Advances and loans

After initial recognition, interest bearing borrowings and borrowings (including trade and other payables) are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the income statement on disposal of liabilities as well as through the amortization process.

3/11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less from the origination date, which are available to the Company without any restrictions. The statement of cash flows is prepared in accordance with the indirect method.

Restricted cash and cash equivalents that are not available for use (if any) by the Company are excluded from cash and cash equivalents for the purpose of preparing the statement of cash flows.

3/12 Trade payables and accruals

Trade payables and other payables are recognized at fair value and are subsequently carried at amortized cost using the effective interest method. The Company derecognizes a financial liability (or part of a financial liability) from its statement of financial position when, and only when, it is extinguished; that is, when the liability specified in the contract is discharged or canceled or expires.

3/13 Borrowing Cost

Borrowing costs directly related to the purchase, construction or production of an asset that takes a long period of time to be constructed or prepared in order for the asset to be ready for the purpose for which it was built, or for sale as part of the costs that's the origin. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of financial interest and other costs that an entity incurs in obtaining loans using the effective interest method

3/14 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of management's best estimate of the expenditures required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to passage of time is recognised as interest expense

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3/15 Employee's benefits

General description of a defined benefit plan for employee's - end of service benefits

The Company is required by law to pay end of service benefits (defined benefit plan) in accordance with the Saudi Labor Law. The benefit of the end of service benefit equals half the salary of the last month of each of the first five years of service, including the fractions of the year, in addition to the salary of the last month in full for each year of the remaining / subsequent service, including fractions of the year. Entitlement factors are applied in cases of resignation. The end of service benefit plan is unfunded.

Evaluation methodology and key assumptions for the actuarial study

In compliance with the requirements of IAS 19 "Employee's Benefits", the end of service indemnity is determined by actuarial valuation using the projected unit credit actuarial cost method at the end of each fiscal year. The gain or loss arising from actuarial revaluation is recognized in the statement of comprehensive income for the period in which the revaluation occurred. They are not included in profit or loss. The cost of the current service of the defined benefit plan is recognized in the statement of profit or loss under employee's benefit expense to reflect the increase in the liability resulting from staff services for the current year and the cases of change, reduction or adjustment of benefits. Service costs for the previous years are directly also recognized in profit or loss. Interest is calculated using the effective discount rate at the beginning of the period.

Defined benefit costs are classified as follows:

- cost of service (including current service costs, past service cost, as well as gains and losses resulting from the scaling up and reimbursement of staff benefits);
- Interest cost; and
- Re-measurement.

Short-term employee's benefits

Liabilities are recognized and measured for benefits in respect of wages, salaries, annual leave and sick leave in the period in which they are rendered in the undiscounted amounts of the benefits expected to be paid for these services.

Retirement benefit costs

The Company contributes to the retirement benefits of employee's in accordance with the regulations of the General Organization for Social Insurance and is calculated as a percentage of the employee's remuneration. Payments are treated to government-managed pension benefit plans as payments to specific contribution plans as the Company's liabilities against these plans are equivalent to those that arise in a defined contribution retirement plan. Payments to retirement benefit plans are charged as an expense when due.

NOTES TO THE FINANCIAL STATEMENTS
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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3/16 Revenue recognition

Revenues from contracts with customers

The Company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15- revenue from contracts with customers.

Step 1 - Identify the contract (the contracts) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2 - Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3 - Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 - Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 - Recognize revenue when (or as) the entity satisfies a performance obligation.

If the consideration promised in a contract includes a variable amount, the Company shall estimate the amount of consideration to which the Company will be entitled in exchange for transferring the promised goods or services to a customer.

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.

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3/17 Zakat & Tax

The Company and its subsidiary are subject to zakat in accordance with the regulations of the Zakat, Tax, and Customs Authority ("ZATCA"). Zakat is provided for the period ratably and charged separately in the statement of profit or loss and other comprehensive income. Additional zakat, if any, related to prior years' assessments arising from ZATCA are accounted for in the period in which the final assessments are finalized.

Withholding taxes

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

Value added tax

The value added tax was introduced in Saudi Arabia as of 1 January 2018 (14 Rabea Al Akher 1439H), which is tax on the supply of goods and services ultimately borne by the consumer, but collected at each stage of the production and distribution chain as a general principle. The value added tax (VAT) transaction in the Company's accounts should reflect its role as a tax collector and the VAT should not be included in income or expenditures, whether of capital nature or income. However, there will be circumstances in which the Company will incur VAT, and in such cases where VAT is non-refundable, it must be included in the cost of the product or service

3/18 Expenses

Selling and marketing expenses are those arising from the Company's efforts carried out by the marketing, sales, and distribution departments. All other expenses, except for the cost of sales and finance charges, are classified as administrative expenses. Allocation of shared expenses between cost of sales, selling and distribution expenses, and administrative expenses is made, when necessary, on a reasonable basis according to the nature and function of those expenses.

3/19 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. Asset is classified as current when it is:

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

All other assets are classified as non-current assets.

A liability is classified as current when:

- Expected to be settled in the normal operating cycle;
- Held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the date of financial position.

The Company classifies all other liabilities as non-current

NOTES TO THE FINANCIAL STATEMENTS
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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3/20 Segmental information

An operating segment is a Company of assets and processes that jointly engage in the rendering of products or services subject to risks and rewards that differ from those of other business segments and which are measured in accordance with the reports used by the executive management.

A geographical segment is associated with the provision of products or services in a specific economic environment that is subject to risks and rewards that differ from those of segments of business in other economic environments.

3/21 Statutory reserve

The Ordinary General Assembly, based on the Board of Directors' proposal, may appropriate a portion of the Company's net profits to establish a statutory reserve for a specific purpose. The Ordinary General Assembly may also, when determining the shareholders' share of net profits, establish other reserves to the extent that serves the Company's interests or ensures, as far as possible, a stable dividend distribution to shareholders. Additionally, the Ordinary General Assembly may allocate amounts from the net profits for social purposes for the Company's employees.

A reserve designated for a specific purpose, as stipulated in the Company's Articles of Association, may not be used except by a decision of the Extraordinary General Assembly. However, if the reserve is not earmarked for a specific purpose, the Ordinary General Assembly—based on the Board of Directors' proposal—may decide to use it in a manner that serves the interests of the Company or its shareholders, in accordance with the regulations set by the competent authority.

The Ordinary General Assembly may also use the retained earnings and distributable reserves to settle the remaining amount of the share capital, or a part thereof, provided that this does not compromise the principle of fairness among shareholders and is in accordance with the provisions of the relevant regulations.

3/22 Transactions with related parties

The Company has transactions and relationships with related parties consisting of related companies, associate companies, directors, key management personnel and entities over which directors and senior management personnel exercise significant influence. In the normal course of business, the Company enters into transactions with various related parties. On the date of each financial position, those related parties and the nature and volume of transactions with them during the relevant period/year are disclosed in addition to the balances due from/to those related parties in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3/23 Right-of-use assets and lease liabilities

A) Right-of-use assets

The Company assesses whether a contract is or contains a lease, at the inception of the contract. The Company recognizes the right-of-use asset and the corresponding lease obligation in respect of all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. The Company recognizes payments for these leases as an operating expense on a straight-line basis over the lease term unless there is another systematic basis that is more representative of the time pattern in which the economic benefits from the leased asset are exhausted.

Right-of-use assets include the initial measurement of the corresponding lease liability, lease payments made on or before the commencement date and any initial direct costs. They are subsequently remeasured at cost less accumulated depreciation and impairment losses.

A provision is recognized and measured under International Accounting Standard No. (37), when the Company incurs an obligation for the costs of dismantling and removing a leased asset, rehabilitating the site on which it is located, or restoring the underlying asset to the condition required under the terms and conditions of the lease contract. Costs are included in the related right-of-use asset, unless these costs are incurred to produce the inventory.

The right to use assets is depreciated over the lease period or the useful life of the underlying asset, whichever is shorter. The right-of-use asset in question is depreciated over the useful life of the underlying asset, if the lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise the purchase option. Depreciation begins on the lease start date.

Right to use assets are presented as a separate item in the statement of financial position. The Company applies International Accounting Standard No. (36) - Impairment of Assets to determine whether the right-to-use asset is impaired and to account for any impairment loss.

Variable rents that depend on an index or rate are included in measuring the lease obligation and the right to use the asset. The related payments are recognized as an expense in the period in which the event or condition giving rise to those payments is incurred and are included in "other expenses" in the statement of profit or loss.

b) Lease liabilities

The lease liability is initially measured at the present value of the lease payments not made at the commencement date, discounted using the rate implicit in the lease. The Company uses an incremental borrowing rate if the rate is not readily identifiable. Lease payments included in measuring the lease liability consist of:

- Fixed lease payments (including fixed implicit payments), less any leasing incentives,
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the start date,
- The amount expected to be payable by the lessee under the residual value guarantees,
- The exercise price of the purchase options, if the lessee is reasonably certain to exercise the options, and
- Penalty payments in the event of termination of the lease, if the terms of the lease reflect the exercise of the option to terminate the lease.

The lease liability is presented as a separate line item in the statement of financial position. The lease liability is subsequently measured by increasing the book value to reflect the interest on the lease liability (using the effective interest rate method) and by reducing the book value to reflect what has been paid for the lease.

NOTES TO THE FINANCIAL STATEMENTS
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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3/23 Right-of-use assets and lease liabilities (continued)

The Company remeasures the lease liability (and makes the corresponding adjustment to the right-of-use asset) whenever:

- The contract term is changed or there is a change in the valuation of exercising the purchase option, in which case the lease obligation is remeasured by discounting the modified lease payments using the modified discount rate,
- the lease payments change due to changes in an index or a rate, or due to a change in the expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the original discount rate (unless the change in lease payments results from a change in a floating interest rate, in which case a revised discount rate is used)

The lease is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the modified lease payments using a modified discount rate.

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

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

4. USE OF JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and actual results may differ from these. Estimates and assumptions are based on previous experience and factors that may include expecting suitable future events which are used to extend book period of dependent assets and liabilities from other resources and estimates and assumptions are continuously being evaluated. Revised accounting estimates are reviewed in the period in which the estimates are revised in the audit period and future periods, if the changed estimates affect current and future periods.

Information about significant estimates and uncertainties and significant judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

Measuring employee benefits Liabilities

The Company's obligation in respect of defined benefit plan is calculated by estimating the amount of future benefits that employees have earned in current and prior periods and discounting that amount to arrive at present value. The calculation is performed annually by a qualified actuary using the projected unit credit method. Judgments are used in estimating the actuarial assumptions. Key assumptions are disclosed in Note (16).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
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4. USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or other CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An Impairment loss are recognized in the statement of profit or loss. They are first allocated to reduce the carrying amount of any goodwill allocated to a cash-generating unit, and then the carrying amounts of the other assets in the cash-generating unit are reduced on a pro-rata basis. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed its carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Impairment of trade and other receivables

The Company applies the expected credit loss model to determine impairment losses on trade receivables. This requires the Company to consider certain forward-looking factors when assessing the probability of default.

Impairment for inventories

Management estimates inventory write-downs to determine the net realizable value when the cost of inventory is not recoverable, or if it is damaged in whole or in part, or if its selling price is lower than its cost, or if any other factors indicate that its net realizable value may fall below its cost. Estimates of the net realizable value of inventory are based on the most reliable evidence available at the time the estimates are made. These estimates consider fluctuations in prices or costs directly related to events occurring after the reporting date to the extent that they confirm conditions existing at the end of the reporting period.

Useful lives of property, plant and equipment

The Management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage physical wear and tear. Management reviews the residual value and useful lives annually and change in amortisation charges (if any) are adjusted in current and future periods .

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
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4. USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)

Expected useful lives of intangible assets

Expected useful lives of intangible assets are estimated at a specific point in time or in undefined period. As for intangible assets with defined useful lives, they are amortized during the period of the asset's economic useful life and the impairment is estimated when an indicator of impairment exists. The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected amortization method of the future economic benefits included in the asset are accounted when a change in the period or method of amortization occurs, as needed, and they are treated as changes in the accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with an indefinite useful life are not amortized but are tested for impairment annually, either individually or at the level of the cash-generating units. The assessment of the indefinite useful life of an asset is reviewed annually to determine whether the justification for the indefinite useful life remains valid. If the justification no longer exists, the estimated useful life is changed to a finite useful life on a prospective basis.

Fair value of assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the access is available at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The Company has no assets or liabilities under this level.

Level 3: Inputs for assets and liabilities that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred

NOTES TO THE FINANCIAL STATEMENTS
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4. USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)

Provision for dismantling, removal and site reinstatement obligations

Obligations for closure, decommissioning, dismantling and site restoration of a facility commonly arise in respect of the closure and dismantling of a plant (collectively referred to as “dismantling, removal and site reinstatement obligations”). Such activities may include:

- ceasing operation of a facility and dismantling structures, including the related plant and buildings;
- disposal of or treatment of waste;
- reinstatement of sites and land; and
- repair and remediation of affected areas.

The scope of the work required and the related costs depend on the requirements of the applicable laws and regulations.

The obligation generally arises when the asset is installed. The full estimated future costs are discounted to their present value and capitalized as part of the "cost of the asset." Depreciation is recognized as an expense over the asset's estimated useful life using the straight-line method.

Significant judgment in determining the lease term for contracts that include a renewal option

The Company determines the lease term as the non-cancellable period of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised. The Company has the option, under the lease agreement, to lease the assets for an additional period. The Company applies judgment in assessing whether it is reasonable to exercise the renewal option, taking into account all relevant factors that create an economic incentive to exercise the renewal option. After the commencement date, the Company reassesses the lease term if there is a significant event or a change in circumstances under its control that affects its ability to exercise (or not exercise) the renewal option.

Contingent liabilities

Contingent liabilities, depending on their nature, will be settled on the occurrence or non-occurrence of one or more future events. Estimating these inherent liabilities involves the exercise of significant judgment and making estimates as to the outcome of future events.

Expected credit losses

The expected credit loss allowance is determined with reference to a range of factors to ensure that trade receivable balances are not overstated due to the probability of non-collection. Expected credit losses are measured over the lifetime of the trade receivables from the date of initial recognition. Trade receivables have been grouped based on shared credit risk characteristics and the number of days past due. The expected loss rates are derived from the Company's historical information and are adjusted to reflect expected future outcomes, including forward-looking information relating to macroeconomic factors such as inflation and gross domestic product growth rate. The key assumptions are disclosed in Note (10).

RIDAN FOOD COMPANY
(LISTED COMPANY)

NOTES TO THE FINANCIAL STATEMENTS(CONTINUED)
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5. PROPERTY, PLANT AND EQUIPMENT, NET

	Land	Buildings	Leasehold improvements	Operating machinery and equipment	Vehicles	Furniture and fixtures	Capital work in progress	Total
Cost:								
Balance at 1 January 2025	56,800,720	125,675,881	20,808,559	28,349,763	7,226,423	8,881,808	1,752,445	249,495,599
Additions	--	--	--	--	--	--	1,088,839	1,088,839
Transfer from Capital work in progress	--	51,703	132,416	557,141	27,814	105,656	(874,730)	--
Disposals (Note 5/9)	(21,550,000)	(5,670,345)	(142,103)	(991,532)	(1,457,492)	(891,151)	--	(30,702,623)
Balance at 31 December 2025	35,250,720	120,057,239	20,798,872	27,915,372	5,796,745	8,096,313	1,966,554	219,881,815
Accumulated depreciation:								
Balance at 1 January 2025	--	64,433,375	15,373,272	18,082,174	7,140,916	6,684,382	--	111,714,119
Charge for the year (Note 5/5)	--	5,033,060	1,669,567	2,147,733	26,768	480,770	--	9,357,898
Disposal (Note 5/9)	--	(5,151,322)	(85,430)	(660,189)	(1,456,627)	(874,572)	--	(8,228,140)
Balance at 31 December 2025	--	64,315,113	16,957,409	19,569,718	5,711,057	6,290,580	--	112,843,877
Provision for impairment								
Balance at 1 January 2025	31,985,925	6,345,220	2,918,150	740,561	369	289,311	--	42,279,536
Impairment on disposed property (Note 5/9)	(12,149,445)	--	--	--	--	--	--	(12,149,445)
Movement in impairment during the year	282,947	5,206,400	(331,361)	345,665	--	48,020	--	5,551,671
Balance at 31 December 2025	20,119,427	11,551,620	2,586,789	1,086,226	369	337,331	--	35,681,762
Net Book Values								
At 31 December 2025	15,131,293	44,190,506	1,254,674	7,259,428	85,319	1,468,402	1,966,554	71,356,176
At 31 December 2024	24,814,795	54,897,286	2,517,137	9,527,028	85,138	1,908,115	1,752,445	95,501,944

RIDAN FOOD COMPANY
(LISTED COMPANY)

NOTES TO THE FINANCIAL STATEMENTS(CONTINUED)
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5. PROPERTY, PLANT AND EQUIPMENT, NET (CONTINUED)

	<u>Land</u>	<u>Buildings</u>	<u>Leasehold improvements</u>	<u>Operating machinery and equipment</u>	<u>Vehicles</u>	<u>Furniture and fixtures</u>	<u>Capital work in progress</u>	<u>Total</u>
<u>Cost:</u>								
Balance at 1 January 2024	56,800,720	125,675,881	19,328,090	25,828,510	7,240,736	8,388,648	20,634	243,283,219
Additions	--	--	932,286	1,917,951	1,431	330,265	3,054,793	6,236,726
Disposal (Note 5/9)	--	--	--	--	(19,083)	(5,263)	--	(24,346)
Transfer from capital work-in-progress	--	--	548,183	603,302	3,339	168,158	(1,322,982)	--
Balance at 31 December 2024	<u>56,800,720</u>	<u>125,675,881</u>	<u>20,808,559</u>	<u>28,349,763</u>	<u>7,226,423</u>	<u>8,881,808</u>	<u>1,752,445</u>	<u>249,495,599</u>
<u>Accumulated depreciation:</u>								
Balance at 1 January 2024	--	59,360,605	13,204,127	16,116,071	7,135,449	6,214,989	--	102,031,241
Charge for the year (Note 5/5)	--	5,072,770	2,169,145	1,966,103	24,550	470,622	--	9,703,190
Disposal (Note 5/9)	--	--	--	--	(19,083)	(1,229)	--	(20,312)
Balance at 31 December 2024	<u>--</u>	<u>64,433,375</u>	<u>15,373,272</u>	<u>18,082,174</u>	<u>7,140,916</u>	<u>6,684,382</u>	<u>--</u>	<u>111,714,119</u>
<u>Provision for impairment</u>								
Balance at 1 January 2024	9,572,027	--	--	--	--	--	--	9,572,027
Charge for the year (Note 5/8)	22,413,898	6,345,220	2,918,150	740,561	369	289,311	--	32,707,509
Balance at 31 December 2024	<u>31,985,925</u>	<u>6,345,220</u>	<u>2,918,150</u>	<u>740,561</u>	<u>369</u>	<u>289,311</u>	<u>--</u>	<u>42,279,536</u>
<u>Net Book Values</u>								
At 31 December 2024	<u>24,814,795</u>	<u>54,897,286</u>	<u>2,517,137</u>	<u>9,527,028</u>	<u>85,138</u>	<u>1,908,115</u>	<u>1,752,445</u>	<u>95,501,944</u>
At 31 December 2023	<u>47,228,693</u>	<u>66,315,276</u>	<u>6,123,963</u>	<u>9,712,439</u>	<u>105,287</u>	<u>2,173,659</u>	<u>20,634</u>	<u>131,679,951</u>

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5. PROPERTY, PLANT AND EQUIPMENT, NET (CONTINUED)

5/1 Provision for obligations for removal, site rehabilitation and dismantling:

Management reviews the binding contractual terms included in lease agreements to assess the need to recognize a provision for decommissioning and dismantling obligations related to buildings and leasehold improvements. As at 31 December 2025 and 31 December 2024, there are no binding contractual terms in the lease agreements that require the recognition of a decommissioning and dismantling obligation.

5/2 Mortgages of real estate, property and equipment:

The land item includes lands with a book value of 9,050,652 Saudi riyals (2024: 9,050,652 Saudi riyals) mortgaged as security against a long-term loan (Note 16).

5/3 Capitalized borrowing costs

No borrowing costs were capitalized during the current year ended 31 December 2025, nor during the comparative year.

5/4 Fully depreciated property, plant and equipment and temporarily idle assets:

As at 31 December 2025, the Company had property, plant and equipment with a historical cost of SAR 55,9 million (31 December 2024: SAR 55,9 million), These assets are fully depreciated but are still in use. The Company did not have any property, plant and equipment that were temporarily idle.

5/5 The depreciation charge for the year ended 31 December was allocated as follows:

	<u>Note</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Cost of Sales	22	8,540,283	8,892,169
Administrative expenses	24	817,615	811,021
		<u>9,357,898</u>	<u>9,703,190</u>

5/6 Capital work in progress:

Capital work in progress represents the cost of improvements and construction related to the plant, as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
At 1 January	1,752,445	20,634
Additions	1,088,839	3,054,793
Transferred to property, plant and equipment	(874,730)	(1,322,982)
Balance as at December 31	<u>1,966,554</u>	<u>1,752,445</u>

5/7 Buildings and improvements on leased land

The Company's buildings, with a net book value of SAR 28.5 million as at 31 December 2025 (31 December 2024: SAR 35.7 million), are constructed on leased land under renewable annual lease agreements on the same terms and conditions, or on such other terms as may be agreed by the relevant parties. These assets are depreciated over the useful life of the asset or the estimated lease term, whichever is shorter.

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5. PROPERTY, PLANT AND EQUIPMENT, NET (CONTINUED)

5/8 Impairment Provision

5/8/1 Impairment of land

As at 31 December 2025, management assessed the fair value of the land through an external valuer accredited by the Saudi Authority for Accredited Valuers, Al Amam Real Estate Valuation, membership No. 11000055. The valuer applied the market approach and the sales comparison method in valuing the land. The valuation resulted in the fair value of the land being lower than its carrying amount recorded in the books and, accordingly, an impairment provision on the land was recognized in the amount of SAR 282,947

As at 31 December 2024, management assessed the fair value of the land through an external valuer accredited by the Saudi Authority for Accredited Valuers, Al Amam Real Estate Valuation, license No. 121000030. The valuer applied the market approach and the sales comparison method in valuing the land. The valuation resulted in the fair value of the land being lower than its carrying amount recorded in the books and, accordingly, an impairment provision on the land was recognized in the amount of SAR 22,413,898

5/8/2 Impairment of the Company's branches (cash-generating units):

As at 31 December 2025, management assessed the impairment of property, plant and equipment of the Company's branches through an external valuer accredited by the Saudi Authority for Accredited Valuers, "Tharwah Financial Consulting Company" Membership No. 21000073, The valuation was performed by considering the Company's branches as cash-generating units (CGUs), management considered the current year results and prior periods' performance of the branches as indicators of impairment. Accordingly, a detailed impairment assessment was carried out as at 31 December 2025. Based on this assessment, each branch was treated as a separate cash-generating unit, and the recoverable amount was determined based on business plans approved by the Board of Directors, reflecting management's view of market conditions, key assumptions and judgments were applied, including estimates of appropriate growth and discount rates. As a result, an impairment provision for property, plant and equipment of the branches was recognized to reflect the decline in fair value, amounting to SAR 5,268,724

The key bases and assumptions used in the valuation were as follows:

1. Growth rates for future periods: 1% to 4%
2. Approved business plan period: 5 years
3. Discount rate: 11.3%

As at 31 December 2024, management assessed the impairment of property, plant and equipment of the branches through an external valuer accredited by the Saudi Authority for Accredited Valuers, Sidqah Certified Public Accountants and Consultants, membership No. 3912000017. The Company's branches were considered cash-generating units. Management considered the operating results of the Company's branches for the current year and the results of prior periods as indicators of impairment. Accordingly, a detailed impairment assessment was performed as at 31 December 2024. Based on these assessments, each branch was treated as a separate cash-generating unit and the recoverable amount was determined based on business plans approved by the Board of Directors, which reflect management's view of market conditions. Certain key assumptions and estimates were used, including estimated growth rates and the appropriate discount rate. As a result, an impairment provision was recognized against the property, plant and equipment of the branches in the amount of SAR 10,293,611.

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5. PROPERTY, PLANT AND EQUIPMENT, NET (CONTINUED)

5/8 Impairment Provision (continued)

5/8/2 Impairment of the Company's branches (cash-generating units) (continued)

Based on the above, management concluded that the recoverable amount of certain cash-generating units was lower than their carrying amount and, accordingly, an impairment loss was recognized against the property, plant and equipment of the branches amounting to SAR 10,293,611. The principal assumptions used in the valuation were as follows:

1. Growth rates for future periods: 0% to 4%
2. Approved business plan period: 5 years
3. Discount rate: 15.44%

5/8/3 The movement in the provision for impairment of property, plant and equipment is as follows:

	Impairment of land	Impairment of equipment	Total
2025			
Balance at the beginning of the year	31,985,925	10,293,611	42,279,536
Charge during the year	282,947	10,156,180	10,439,127
Reversal of impairment during the year	--	(4,887,456)	(4,887,456)
Impairment on disposed property, plant and equipment (Note 5/9)	(12,149,445)	--	(12,149,445)
Balance at the end of the year	20,119,427	15,562,335	35,681,762
	Impairment of land	Impairment of equipment	Total
2024			
Balance at the beginning of the year	9,572,027	--	9,572,027
Charge during the year	22,413,898	10,293,611	32,707,509
Balance at the end of the year	31,985,925	10,293,611	42,279,536

5/9 Disposals

Disposals of property, plant and equipment during the year represent the disposal of university land, the main warehouse, and the Riyadh villa, in addition to the disposal of Al-Qunfudhah branch and Al-Zaidi catering kitchen. The following sets out the impact on the financial statements of the disposed property, plant and equipment:

	31 December 2025	31 December 2024
Cost of derecognized lease contracts	30,702,623	24,346
Accumulated amortization of derecognized lease contracts	(8,228,140)	(20,312)
Impairment on disposed property	(12,149,445)	--
Net book value of derecognized lease contracts	10,325,038	(4,034)
Selling price of the disposed property, plant and equipment	9,688,148	9,034
Net result on disposal	(636,890)	5,000

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6. INTANGIBLE ASSETS, NET

	<u>Note</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
<u>Cost:</u>			
At 1 January		1,151,346	953,346
Additions		--	198,000
At 31 December		1,151,346	1,151,346
<u>Accumulated amortization:</u>			
At 1 January		967,240	918,547
Charge for the year	6/1	41,580	48,693
At 31 December		1,008,820	967,240
Net book values at 31 December		142,526	184,106

6/1 Amortization for the year ended 31 December has been allocated as follows:

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Cost of Sales	22	1,222	1,430
Administrative expenses	24	40,358	47,263
		41,580	48,693

7. LEASE CONTRACTS

The Company leases warehouses and branch locations with lease terms ranging from 3 to 20 years, in accordance with contractual terms and management's estimates. The following represents the movement in right-of-use assets, net:

	<u>Note</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
<u>Cost:</u>			
At 1 January		78,275,503	76,758,261
Additions		--	1,517,242
Disposals	7/1	(3,303,182)	
At 31 December		74,972,321	78,275,503
<u>Accumulated depreciations:</u>			
At 1 January		27,117,616	18,692,235
Charge for the year	22	8,027,507	8,425,381
Disposals	7/1	(2,104,295)	--
At 31 December		33,040,828	27,117,616
<u>Provision for impairment:</u>			
Balance At 1 January		6,911,395	2,139,708
Impairment during the year		2,222,409	6,911,395
Reversal of impairment during the year		(3,491,727)	(2,139,708)
Impairment related to derecognized contracts	7/1	(316,474)	--
At 31 December		5,325,603	6,911,395
Net book values at 31 December		36,605,890	44,246,492

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7- LEASE CONTRACTS (CONTINUED)

7/1 Derecognition of lease contracts:

Derecognition of lease contracts during the year represents the derecognition of the leases of Al Qunfuza branch and Al Iasha Kitchen in Al Zaidy, as follows:

	<u>Note</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Cost of derecognized lease contracts	7	3,303,182	--
Accumulated amortization of derecognized lease contracts	7	(2,104,295)	--
Impairment related to derecognized lease contracts	7	(316,474)	--
Net book value of derecognized lease contracts		882,413	--
Lease liabilities of derecognized lease contracts		1,204,348	--
Disposal result	25	321,935	--

7/2 Impairment of right-of-use assets

7/2/1 As at 31 December 2025, management assessed the impairment of the property, plant and equipment of the branches and the right-of-use assets of leased branches through an external valuer accredited by the Saudi Authority for Accredited Valuers, Tharwah Financial Advisory Company, membership No. 2100073. Based on the valuation results, management concluded that the recoverable amount of certain cash-generating units was higher than their carrying amount and, accordingly, the previously recognized impairment related to those units was reversed by SAR 1,269,318. The principal assumptions and bases used in the valuation were as follows:

1. Growth rates for future periods: 1% to 4%
2. Approved business plan period: 5 years
3. Discount rate: 11.3%

7/2/2 As at 31 December 2024, management assessed the impairment of the property, plant and equipment of the branches and the right-of-use assets of leased branches through an external valuer accredited by the Saudi Authority for Accredited Valuers, Sidqah Certified Public Accountants and Consultants, membership No. 3912000017. Based on the valuation results, management concluded that the recoverable amount of certain cash-generating units was lower than their carrying amount and, accordingly, an impairment loss on right-of-use assets amounting to SAR 4,771,687 was recognized. The principal assumptions and bases used in the valuation were as follows:

1. Growth rates for future periods: 0% to 4%
2. Approved business plan period: 5 years
3. Discount rate: 15.44%

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7- LEASE CONTRACTS (CONTINUED)

7/3 The movement in lease liabilities is as follows:

	<u>Note</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance At 1 January		56,567,099	62,319,967
Additions and Adjustment during the year		--	1,517,242
Interest charged during the year	26	2,709,953	3,193,000
Disposals	7/1	(1,204,348)	--
Paid during the year		(10,122,816)	(10,463,110)
Balance at end of year		47,949,888	56,567,099

7/4 Below are the lease liabilities as classified in the statement of financial position

	<u>31 December 2025</u>	<u>31 December 2024</u>
Current liability	9,997,923	10,408,109
Non-current liability	37,951,965	46,158,990
	47,949,888	56,567,099

Lease liabilities were discounted for contracts added during the year ended 31 December using the Company's average incremental borrowing rate ranging from 4.5% to 8%.

7/5 Expenses relating to short-term and low-value lease contracts for the year ended 31 December 2025 amounted to SAR 760,187 (2024: SAR 663,606). There were no commitments associated with these contracts. These amounts were recognized as operating lease expenses and were not included within right-of-use assets.

7/6 The undiscounted future cash flows for lease obligations are as follows:

<u>31 December 2025</u>	<u>Within one year</u>	<u>From 2 to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
Undiscounted lease payments	11,446,652	25,607,567	22,640,000	59,694,219
Less:				
Future finance charges	(1,448,729)	(6,668,342)	(3,627,260)	(11,744,331)
Present value	9,997,923	18,939,225	19,012,740	47,949,888
<u>31 December 2024</u>	<u>Within one year</u>	<u>From 2 to 5 years</u>	<u>Between 6 and 10 years</u>	<u>Total</u>
Undiscounted lease payments	13,284,779	29,152,256	27,380,000	69,817,035
Less:				
Future finance charges	(2,876,670)	(6,777,850)	(3,595,416)	(13,249,936)
Present value	10,408,109	22,374,406	23,784,584	56,567,099

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8. INVESTMENT IN AN ASSOCIATE

8/1 Al Jonah Sweets company 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 company's share in the capital of Al Jonah

Company as on 31 December 2025 is 30% (31 December 2024: 30%), and the investment movement was as follows:

	Note	31 December 2025	31 December 2024
Balance at the beginning of the year		36,340,784	39,558,988
Share of result for the year	8/2	(4,241,015)	(465,186)
Share of the company in other comprehensive (loss)for the year		(8,042)	(67,998)
Impairment of investment during the year	8/4	(15,885,894)	(2,685,020)
Balance at the end of the year		16,205,833	36,340,784

8/2 The following is a summary of the income statement of Al-Jonah Company for the years ended 31 December:

	31 December 2025	31 December 2024
Sales	80,119,849	87,626,885
Cost of sales	(54,751,596)	(56,122,188)
Operating expenses	(36,582,476)	(33,010,101)
Non-operating income & losses	(2,922,493)	(45,215)
Loss for the year	(14,136,716)	(1,550,619)
Company's share 30%	(4,241,015)	(465,186)
Less: Unrealized profits on transactions with the associate	(382,533)	--
Total Company' share	(4,623,548)	(465,186)

8/3 The following table summarizes the financial information of Al Jonah Company extracted from its lists, in addition to the adjustments to arrive at the book value of the company's investment in Al Jonah Company:

	31 December 2025	31 December 2024
Current assets	14,527,523	15,487,523
Non-current assets	76,480,037	89,571,110
Current liability	(40,049,390)	(34,311,634)
Non-current liability	(22,491,501)	(28,116,808)
Total equity	28,466,669	42,630,191
Company's share 30%	8,540,000	12,789,057

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8. INVESTMENT IN AN ASSOCIATE (CONTINUED)

8/4 Impairment

As at December 31, 2025, management assessed the investment in Al Gouna Distinguished Sweets and Parties Company Limited (an associate) for impairment by evaluating the investee as a cash-generating unit. Based on management's assessment that indicators of impairment existed in relation to the investment in the associate, the investment in Al Gouna Distinguished Sweets and Parties Company Limited was valued by a local valuer accredited by the Saudi Authority for Accredited Valuers ("TAQEEM"), namely Tharwah Financial Advisory Company, membership No. 21000073. Based on that valuation, an impairment loss of SAR 15.8 million was identified against the carrying amount of the investment and was recognized in the statement of profit or loss. The significant bases and assumptions used in the valuation are as follows:

1. Growth rate: 2%
2. Approved business plan period: 5 years
3. Discount rate: 12.56%

As at December 31, 2024, management assessed the investment in Al Jonah Distinguished Sweets and Parties Company Limited (an associate) for impairment by evaluating the investee as a cash-generating unit. Based on management's assessment that indicators of impairment existed in relation to the investment in the associate, the investment in Al Jonah Distinguished Sweets and Parties Company Limited was valued by a local valuer accredited by the Saudi Authority for Accredited Valuers ("TAQEEM"), namely Sadaqah Certified Public Accountants and Consultants, license No. 3912000017. Based on that valuation, an impairment loss of SAR 2.7 million was identified against the carrying amount of the investment and was recognized in the statement of profit or loss. The significant bases and assumptions used in the valuation are as follows:

1. Growth rate: 3%
2. Approved business plan period: 5 years
3. Discount rate: 12.4%

9. INVENTORIES

	<u>31 December 2025</u>	<u>31 December 2024</u>
Foods and drinks, raw materials	544,351	1,618,860
Consumable suppliers and tools	664,026	1,438,301
	<u>1,208,377</u>	<u>3,057,161</u>

Inventory impairment

As of the reporting date, inventory was assessed for impairment in accordance with the requirements of International Accounting Standard (IAS) 2 – Inventories, which requires inventory to be measured at the lower of cost and net realizable value. This assessment included a review of inventory ages, turnover rates, and analysis of slow-moving or obsolete items, in addition to comparing recorded costs with expected market prices, taking into account completion and selling costs, as well as relevant economic and operational conditions.

Based on the results of this assessment, management did not identify any material impairment requiring recognition as of 31 December 2025. Accordingly, management believes that the carrying amount of inventory at the reporting date does not exceed its net realizable value.

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10. TRADE RECEIVABLES, NET

	<u>Note</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Trade receivables		7,518,819	5,083,746
Expected credit losses	10/1	<u>(2,722,499)</u>	<u>(1,120,927)</u>
		<u>4,796,320</u>	<u>3,962,819</u>

10/1 Movement of expected credit loss of the year ending 31 December:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance as at 1 January	1,120,927	520,149
Charge for the year	<u>1,601,572</u>	<u>600,778</u>
Balance as at 31 December	<u>2,722,499</u>	<u>1,120,927</u>

In determining the recoverability of trade receivables, the Company considers any change in the credit quality of the trade receivables from the date the credit was initially granted up to the end of the reporting period. Credit risk is concentrated only to the extent that the customer base is large and unrelated.

As at 31 December 2025, management assessed the expected credit loss allowance for trade receivables in accordance with IFRS 9, Financial Instruments, using the expected credit loss methodology based on an analysis of aging of receivables and historical default experience, adjusted to reflect relevant forward-looking information. It was considered that the credit period granted to customers is 90 days from the invoice date. The allowance was calculated on the net unsecured receivables after excluding receivables covered by existing guarantees to the extent such guarantees cover those balances, as management believes that the risk of non-collection is limited to the value of the guarantee.

The Company is not exposed to significant concentration risk in respect of sales, as it has a diversified customer base within the Kingdom of Saudi Arabia, which limits reliance on a small number of customers.

10/2 The following is an analysis of the aging of trade receivables as at 31 December:

	<u>31 December 2025</u>		<u>31 December 2024</u>	
	<u>Unsecured receivables</u>	<u>Expected credit losses</u>	<u>Unsecured receivables</u>	<u>Expected credit losses</u>
Not due	3,934,132	141,770	2,346,853	20,538
1 to 60 days	313,651	38,610	1,494,654	22,741
61 to 120 days	126,486	34,111	143,397	9,307
Over 120 days	<u>3,144,550</u>	<u>2,508,008</u>	<u>1,098,842</u>	<u>1,068,341</u>
	<u>7,518,819</u>	<u>2,722,499</u>	<u>5,083,746</u>	<u>1,120,927</u>

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11. PREPAYMENTS AND OTHER RECEIVABLES, Net

	<u>Note</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Prepaid expenses		870,913	2,494,615
Employee receivables		738,914	1,786,822
Insurance recoveries		718,557	839,562
Notes receivable		736,553	836,553
Advances to suppliers		510,256	294,960
Margin deposit on a letter of guarantee		350,000	350,000
Other receivables	11/1	<u>89,128</u>	<u>4,656,007</u>
		4,014,321	11,258,519
Provision for expected credit losses on advances to suppliers	11/2	--	(1,084,911)
Provision for impairment of notes receivable	11/3	<u>(300,000)</u>	<u>(300,000)</u>
		<u>3,714,321</u>	<u>9,873,608</u>

11/1 The movement in the impairment provision for other receivables is as follows:

- As at 31 December 2024, the value of land and buildings of Kilo 14 branch that were expropriated by a government authority for the development of informal areas in Jeddah amounted to a carrying value of SAR 4,553,942. Based on management's estimates, an impairment provision was recognized against the compensation value of the land of Kilo 14 branch amounting to SAR 1,084,911, based on the latest land expropriation valuation results, which resulted in a decrease in the compensation value of the branch land by SAR 988,482. The effect of the compensation received for the Al Sittin branch land, which was lower than its recorded carrying amount by 20.7%, was also considered. Applying the same impairment percentage to the compensation of Kilo 14 branch resulted in an impairment of SAR 96,429 bringing the total impairment to SAR 1,084,911.
- During the year ended 31 December 2025, the Company received bank cheque No. (603365) issued by the State Real Estate Authority dated 28 August 2025, amounting to SAR 4,003,921, representing compensation for the Kilo 14 branch land that was expropriated. The cheque was deposited into the Company's bank account on 28 August 2025. Accordingly, a portion of the previously recognized provision, amounting to SAR 550,021, was utilized, representing the difference between the carrying amount of the land of SAR 4,553,942 and the compensation received. The remaining amount of the provision, SAR 534,890, was reversed as it was no longer required.

The movement provision for impairment of other receivables is as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance as at 1 January	1,084,911	1,084,911
Utilized during the year	(550,021)	--
Reversal of excess provision during the year	(534,890)	--
Balance as at 31 December	<u>--</u>	<u>1,084,911</u>

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11. PREPAYMENTS AND OTHER RECEIVABLES, NET (CONTINUED)

11/2 Impairment of notes receivable:

- An impairment allowance was recognized for notes receivable represented by promissory notes in favour of Ridan Food Company, relating to the termination of franchise agreements for two franchised branches (Taif branch and Tabuk branch)
- The notes receivable outstanding in respect of Taif branch franchise amounted to SAR 436,553 as at December 31, 2025 (2024: SAR 536,553).
- The notes receivable outstanding in respect of Tabuk branch franchise amounted to SAR 300,000 as at December 31, 2025 (2024: SAR 300,000).
- Based on management's assessment of the difficulty in collecting these balances, except for the Taif branch where the outstanding amount was rescheduled into instalments and the amounts due were collected regularly on their due dates during 2025 and 2024 in accordance with the agreed schedule until full settlement is completed by 3 July 2028, management calculated the present value of the non-current portion of those balances and concluded that the effect of the financing component included in that arrangement was not material. Accordingly, no reclassification was made between current and non-current portions.

The movement in the impairment provision for other receivables is as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance as at 1 January	300,000	300,000
Balance as at 31 December	<u>300,000</u>	<u>300,000</u>

12. CASH AND CASH EQUIVALENT

	<u>31 December 2025</u>	<u>31 December 2024</u>
Cash on hand	256,478	655,017
Cash at banks	1,097,188	544,538
	<u>1,353,666</u>	<u>1,199,555</u>

All bank balances are estimated to be of low credit risk as they are deposited with well-known banking institutions with a high credit rating, and there were no indications / history of defaulting on any bank balances of the Company. Accordingly, the probability of default, based on forward-looking factors or any loss-related default events, is considered remote.

13. CAPITAL

The Company's share capital as of 31 December 2024 consists of 15,808,467 shares (2023: 15,808,467 shares), with a nominal value of SAR 10 per share (2023: SAR 10).

On 2 November 2025, the Company announced that the extra-ordinary General Assembly approved, by 95%, the Board of Directors' recommendation to reduce the Company's share capital by cancelling 8,494,864 shares, representing 0.53736 shares cancelled for each existing share, resulting in the share capital being reduced to 7,313,603 shares with a nominal value of SAR 10 per share.

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14. STATUTORY RESERVE

The Ordinary General Assembly, based on the recommendation of the Board of Directors, may appropriate a portion of the Company's net profits to establish a contractual reserve designated for a specific purpose. The Ordinary General Assembly may also, when determining the shareholders' share of net profits, create other reserves to the extent that serves the Company's interests or ensures, as far as possible, a stable distribution of dividends to shareholders. Additionally, the Ordinary General Assembly may allocate amounts from net profits for social purposes benefiting the Company's employees.

A reserve designated for a specific purpose, as stipulated in the Company's Articles of Association, may not be used except by a resolution of the Extraordinary General Assembly. However, if the reserve is not allocated for a specific purpose, the Ordinary General Assembly—based on the recommendation of the Board of Directors—may decide to utilize it in a manner that serves the interests of the Company or its shareholders, in accordance with the regulations set by the competent authority.

15. BASIC AND DILUTED LOSS PER SHARE

The loss per share was calculated from the net loss for the year ending 31 December 2024, based on the average number of shares outstanding on that date, amounting to 15,808,467 shares (2023: 15,808,467 million shares).

	2025	2024
Net loss attributable to the shareholders of the Company	(64,729,123)	(73,105,420)
Weighted average number of common shares	15,410,453	15,808,467
Basic and diluted loss per ordinary share from continuing operations	(4.2)	(4.6)

Loss per share is calculated from the net loss for the year ending 31 December 2025, based on the weighted average number of common shares outstanding after adjusting for the effect of the potential dilution of common shares, if any.

During the year there were no diluted shares, so the diluted earnings per share do not differ from the basic earnings per share.

16. LOANS

The Company 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 Company (Note 5). This loan is subject to an annual interest rate of 8%. The total finance charges relating to this loan were fully deducted in advance from the amount received. The loan is repayable in quarterly instalments ending on October 15, 2024. The long-term loan is denominated in Saudi Riyals.

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.

In 2024, the Company reached an agreement to reschedule the loan installments due on 15 October 2024. As a result, additional financing costs of SR 784,487 were incurred, which were paid upfront on the date of the rescheduling agreement. These costs will be amortized over the new loan term, which will end on 25 October 2026.

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16. LOANS (CONTINUED)

16/1 Long Current portion non-current:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Long-term loan	3,694,713	5,935,056
Deferred finance cost	(326,870)	(719,114)
	<u>3,367,843</u>	<u>5,215,942</u>

Current and non-current loans and facilities:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Current portion	3,367,843	2,967,528
Non-current portion	--	2,248,414
	<u>3,367,843</u>	<u>5,215,942</u>

16/2 Bank loans according to financing entities:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Yanal Finance Company (formerly Saudi ORIX)	3,367,843	5,215,942
	<u>3,367,843</u>	<u>5,215,942</u>

16/3 Movement in Loans:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance as at January 1	5,215,942	10,195,158
Interest charge during the year (Note 26)	641,076	285,222
Payments during the year	(2,489,175)	(5,264,438)
Balance as at 31 December	<u>3,367,843</u>	<u>5,215,942</u>

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

	<u>31 December 2025</u>	<u>31 December 2024</u>
2025	--	2,967,528
2026	3,367,843	2,248,414
	<u>3,367,843</u>	<u>5,215,942</u>

16/4 Breach of loan covenants:

The loan agreement requires the Company to maintain certain financial ratios within specified limits, in addition to complying with other requirements. During the year, the Company did not comply with some of the financial covenants stipulated in the financing agreement. However, the lender did not exercise its right to accelerate the maturity of future repayments. Management believes that these breaches did not affect the classification of the loan. Furthermore, in the subsequent period, the loan was fully settled, the pledged assets were released, and the related promissory notes were received.

16/5 Refinancing of short-term facilities

The short-term loan was not rescheduled during the year.

16/6 Mortgages and collateral

The Company obtained loans secured by promissory notes and the pledge of certain properties and property, plant and equipment (land), with a net carrying amount of SAR 9,050,652, as collateral for a loan granted by a local financing company. Subsequent to the reporting date, the Company fully settled the loan.

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17. END OF SERVICES BENEFIT

The movement in employees' end-of-service benefits, which represents a defined benefit plan, during the year is as follows:

	<u>Note</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance as at 1 January		11,654,420	10,956,265
<u>Charged to profit or loss</u>			
Current service cost		1,605,372	2,332,421
Interest cost	26	601,832	795,890
		2,207,204	3,128,311
<u>Charged to other comprehensive income</u>			
Re-measurement gain		(905,345)	(164,687)
Paid during the year		(3,784,413)	(2,265,469)
Balance as at 31 December		9,171,866	11,654,420

The valuation was prepared by an independent external actuary using the following key assumptions:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Discount rate used	5.20%	5.70%
Salary increase rate	5.00%	5.5%
Rates of employee turnover	High	High
Mortality rate	7	7

Sensitivity analysis of end-of-service benefit obligations, as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Discount rate		
Basic	9,171,866	11,654,420
Increase by 0.5%	8,924,763	11,328,293
Decrease by 0.5%	9,431,485	11,977,289
Change in Salaries		
Basic	9,171,866	11,654,420
Increase by 0.5%	9,480,314	12,058,297
Decrease by 0.5%	8,875,971	11,267,294

Sensitivity of the defined benefit obligation, as follows:

The above sensitivity analysis is based on a change in a hypothesis with all other hypotheses remaining constant. In practice, this is unlikely to happen and changes in some hypotheses may be correlated. The same method was used in calculating the end-of-service employee liability recognized in the statement of financial position when calculating the sensitivity of the end-of-service employee obligation to significant actuarial assumptions (the present value of the end-of-service employee obligation calculated using the projected unit credit method as at the end of the reporting period). The methods and types of assumptions used in preparing the sensitivity analysis have not changed compared to the previous year.

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17. END OF SERVICES BENEFIT (CONTINUED)

The following are the undiscounted expected cash flows for employees' end-of-service benefits:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Within one year	1,447,966	2,222,744
From 2 to 5 years	5,784,192	7,289,984
More than 5 years	7,536,722	10,084,268
	<u>14,768,880</u>	<u>19,596,996</u>

18. ACCRUED EXPENSES AND OTHER PAYABLES

	<u>31 December 2025</u>	<u>31 December 2024</u>
Accrued end-of-service	13,318,950	6,165,210
Remuneration accrued to the Board of Directors and committees	6,974,321	4,675,227
Accrued expenses	7,847,807	3,826,504
Marketing support received in advance (18/1)	2,979,785	3,014,024
Rents due	2,419,041	1,674,265
Advance payment from customer	184,301	228,708
	<u>33,724,205</u>	<u>19,583,938</u>

18/1 During 2023, the Company entered into a sales incentive and marketing support agreement with one of the local suppliers, under which it received a cash incentive of SAR 4 million on certain items based on specified purchase quantities in accordance with the terms of the agreement. Management calculated the incentive earned based on actual purchases made during the year, and it is deducted from inventory cost. The movement in the advance support received is as follows:

	<u>2025</u>	<u>2024</u>
Balance as at the beginning of the year	3,014,024	3,480,000
Paid during the year	(34,239)	(465,976)
Balance as at the end of the year	2,979,785	3,014,024

Provision for Potential Claims

	<u>2025</u>	<u>2024</u>
Balance as at the beginning of the year	--	159,905
No longer required during the year	--	(159,905)
Balance as at the end of the year	<u>--</u>	<u>--</u>

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19. ZAKAT

The following is the calculation of zakat expenses according to the Authority's requirements for submitting updated zakat returns for the year 2025:

19/1 Adjusted net loss:

	<u>2025</u>
Loss before zakat and income tax	(64,652,905)
<u>Add</u>	
Adjustment	2,956,822
	<u>(61,696,083)</u>

19/2 Calculating zakat

	<u>2025</u>
<u>Add</u>	
<u>Equity</u>	
Share capital	73,136,030
Accumulated losses	(55,989,599)
Zakat provisions	2,956,822
<u>Liabilities</u>	
Lease obligations	37,951,965
End-of-service provisions	9,171,866
Other additions in accordance with Article 29-b of the Zakat Regulations	60,040,163
Total additions	<u>127,267,247</u>
<u>Discounts</u>	
<u>Fixed assets, net</u>	
Property, plant and equipment, net	(71,356,176)
Investments in associates	(16,205,833)
Intangible assets	(142,526)
Right-to-use assets	(36,605,890)
Total deductions	<u>(124,310,425)</u>
Zakat base	2,956,822
Minimum base according to Article 27	(61,663,826)
Maximum base according to Article 28	20,103,253
Total base	<u>2,956,822</u>
Zakat charge (Zakat base 2.5%)	<u>76,218</u>

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19. ZAKAT (CONTINUED)

The following is the calculation of zakat expenses according to the Authority's requirements for submitting updated zakat returns for the year 2024:

Adjusted net loss:

	2024
Loss before zakat and income tax	(72,805,202)
Add	
Adjustment	--
	<u>(72,805,202)</u>

Calculating zakat

	2024
Add	
Equity	
Share capital	158,084,670
Reserves	350,685
Accumulated losses	(77,457,098)
Zakat provisions	526,539
Liabilities	
Lease obligations	46,158,990
End-of-service provisions	11,654,420
Loans and bank facilities	2,248,414
Other additions in accordance with Article 29-b of the Zakat Regulations	34,706,706
Total additions	<u>176,273,326</u>
Discounts	
Fixed assets, net	
Property, plant and equipment, net	(88,590,549)
Investments in associates	(36,340,784)
Intangible assets	(184,106)
Right-to-use assets	(51,157,887)
Total deductions	<u>(176,273,326)</u>
Zakat base	
Minimum base according to Article 27	(72,805,202)
Maximum base according to Article 28	81,504,796
Total base	--
Zakat charge (Zakat base 2.5%)	<u>--</u>

19/3 Zakat provision

The movement of the accrued Zakat is as follows:

	31 December 2025	31 December 2024
Balance at the beginning of the year	<u>526,539</u>	1,016,127
Charge for the year	76,218	300,218
Paid for the year	(526,539)	(789,806)
Balance at the end of the year	<u>76,218</u>	<u>526,539</u>

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19. ZAKAT (CONTINUED)

19/4 Zakat position and tax

Ridan Food Company

The Company submitted its zakat returns for the years ending on 31 December from inception until 31 December 2024, and zakat certificates were received for these years.

The tax status of Ridan Food Company

- VAT returns were filed monthly from January 2018 to December 2025.
- Inquiries were received regarding withholding tax for the year 2024. These were responded to, and a tax assessment was issued amounting to SAR 1,835, which has been accepted.

Ridan 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 for the year ended 2024 was submitted within the legal deadline. The Company has not been requested for an audit by the tax authority as of the reporting date. A request will be submitted to the tax authority for an audit to complete the tax settlement process.
-

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 tax returns were filed, and the due taxes were paid within the legal deadlines for the years from 2019 to 2025.
- The company was audited, and the resulting differences were settled along with the assessed late payment penalties.

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.

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20. LIQUIDATION DEFICIT OF A SUBSIDIARY - UNDER LIQUIDATION

20/1 In January 2025, the Company's Board of Directors decided to liquidate its investment in the Arab Republic of Egypt (Ridan Restaurants & Kitchens Egypt) to avoid foreign currency losses. The company is a wholly-owned subsidiary with a capital of (EGP 50,000)

20/2 Pursuant to the resolution of the Extraordinary General Assembly of Ridan Egypt Restaurants and Kitchens Company held on 7 January, 2025, the company was placed under liquidation and Mr. Mohamed Ismail Amer was appointed as liquidator. His duties, in accordance with Article 145 of Law No. 159 of 1981, include the following:

- settlement of the company's liabilities;
- representation of the company before the courts and acceptance of settlements and arbitration; and
- sale of the company's movable and immovable assets by public auction or by any other method, unless the liquidator's appointment document specifies a particular method of sale.

Accordingly, condensed preliminary financial statements of Ridan Company Food were prepared and presented on a stand-alone basis for the year ended 31 December, 2025, as the Company lost control over Ridan Egypt Restaurants and Kitchens Company upon the appointment of the liquidator on 7 January, 2025.

20/3 The Company's investment in the subsidiary (under liquidation) represents 100% of the share capital (2024: 100%) of Ridan Egypt Restaurants and Kitchens Company, an Egyptian limited liability company registered under commercial registration No. 71123 dated Rabi' Al-Awwal 21, 1435H, corresponding to 22 January, 2014. Its activities include establishing and operating fixed-location restaurants, providing ready-made meals, and real estate investment.

20/4 The following table summarizes the financial information of Ridan Egypt Restaurants and Kitchens Company (under liquidation), as extracted from its financial statements, together with the adjustments made to arrive at the carrying amount of the Company's share in the net liquidation deficit of Ridan Egypt Restaurants and Kitchens Company (under liquidation):

	31 December 2025	31 December 2024
Total assets	257,152	--
Total liabilities	(709,910)	--
Net liquidation deficit	(452,758)	--
Company's share of the net liquidation deficit - 100% (liability)	(452,758)	--

20/5 The following table summarizes the movement in the net liquidation liabilities of Ridan Egypt Restaurants and Kitchens Company (under liquidation), as extracted from its financial statements:

	31 December 2025	31 December 2024
Liquidation liabilities at the beginning of the period	--	--
Liabilities at the liquidation date	(438,619)	--
Increase in liquidation liabilities	(14,139)	--
Liquidation liabilities at the end of the period	(452,758)	--

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21. REVENUE, NET

	<u>2025</u>	<u>2024</u>
<u>Sales recognized at a point in time</u>		
Branch sales	100,733,996	128,714,683
Catering contract sales	14,226,391	18,760,067
Hajj contract sales	--	8,534,287
Less: Sales discounts	(880,135)	(641,277)
	<u>114,080,252</u>	<u>155,367,760</u>

Detailed information on revenues by geographical areas:

	<u>2025</u>	<u>2024</u>
Western region	113,931,551	153,639,755
Other regions – within the Kingdom of Saudi Arabia	148,701	1,728,005
	<u>114,080,252</u>	<u>155,367,760</u>

- All of the Company's sales are recognized at a point in time upon delivery of products to customers and transfer of control and risks to them. There are no sales recognized over time.

-The Company does not have any long-term revenue contracts. All customer contracts are executed within a period of less than 12 months. Accordingly, sales revenue does not involve significant estimates or judgments in relation to revenue measurement and recognition.

-The Company does not incur any incremental costs, commissions or direct acquisition costs relating to sales contracts that are accounted for as assets and amortized over the contract term.

-The Company pays sales commissions and incentives to employees and certain external parties. These commissions are recognized in the statement of profit or loss, as all of the Company's sales are recognized at a point in time and there are no long-term sales contracts.

-The Company does not offer any seasonal discounts (free products to customers), nor does it operate any customer loyalty programs.

-In cases where sales discounts are expected after the date of revenue recognition, the Company recognizes a provision for expected sales discounts, which is presented under accrued expenses and other current liabilities. Management reviews the sales discount provision at the end of each reporting period, and the estimates are adjusted when new information becomes available or when the contractual terms are met. Any differences resulting from such adjustments are recognized as an adjustment to revenue in the period in which the adjustment is made.

21/1 Warranties and performance obligations

- The Company does not provide any warranties or separate performance obligations on its products.

21/2 Onerous contracts

- As at 31 December 2025 (31 December 2024), there were no onerous contract costs relating to contracts outstanding at the reporting date, nor to contracts entered into during the subsequent period up to the date of approval of the financial statements by the Board of Directors.

- Segment reporting includes additional information on sales revenue (Note 29)

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22. COST OF REVENUE

	Notes	2025	2024
Consumables cost		65,294,600	86,027,379
Salaries, wages, and related costs		31,766,703	33,120,178
Depreciation of property, plant and equipment	5/5	8,540,283	8,892,169
Amortization of right-of-use assets	7	8,027,507	8,425,381
Electricity, water and gas		5,112,707	5,916,695
Governmental expenses		2,081,934	3,430,678
Maintenance	22/1	2,248,032	2,928,471
General expenses for Hajj campaigns		13,043	2,642,310
Operating rental (low-value, short-term contracts)		760,187	663,606
Amortization of intangible assets	6/1	1,222	1,430
Others		1,705,649	2,568,028
		125,832,018	153,594,373
Supplier discounts and support	22/2	(34,239)	(465,976)
		125,517,628	154,150,349

22/1 Maintenance expenses represent the cost of periodic maintenance, services, non-major repairs and consumable materials incurred on the Company's property, plant and equipment. Such costs do not result in an increase in the future economic benefits of the assets and are therefore charged to the expense of the period in which they are incurred.

22/2 Supplier discounts and support

The Company receives trade discounts, volume rebates, and marketing or operational support from suppliers, in accordance with supply agreements that include specified conditions related to purchase volumes or the achievement of certain performance or contractual obligation levels.

The Company accounts for supplier discounts and support as a reduction in purchase cost in accordance with the requirements of the 'Inventories' section of the IFRS for SMEs, as these discounts and support are recognized when entitlement conditions are met and to the extent that they can be measured reliably. To the extent that such discounts or support relate to inventory not yet sold at the reporting date, they are deducted from the cost of inventory. The portion relating to inventory sold during the period is recognized as a reduction of cost of sales in the statement of profit or loss.

If there are expected discounts or support to be received from suppliers for purchases made prior to the reporting date but not yet received, the Company estimates these amounts and recognizes them as receivables or reductions of accounts payable, provided there is a high degree of certainty that the entitlement conditions are met and the amounts can be measured reliably. Management reviews the estimates of supplier discounts and support at the end of each reporting period, and adjusts the estimates when new information becomes available or when contractual conditions are fulfilled. Any resulting differences are recognized in the period in which the adjustments are made, without recognizing separate revenue.

Discounts and support related to inventory

As at 31 December 2025, there were no supplier discounts and support relating to inventory that had not yet been sold. Based on management's assessment, the impact on the statement of financial position (inventory cost) and the impact on the statement of profit or loss (cost of sales) were not material and, accordingly, no amounts were recognized in the financial statements.

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23. SELLING AND MARKETING EXPENSES

	<u>2025</u>	<u>2024</u>
Delivery companies' commissions (23/1)	5,834,272	9,402,882
Advertising	1,296,676	2,537,279
Hospitality and public relations	311,100	218,170
Others	183,858	23,338
	<u>7,625,906</u>	<u>12,181,669</u>

23/1 Delivery company commissions

The Company sells part of its products through third-party delivery platforms and applications. Under the agreements with these platforms, commissions are deducted for brokerage, marketing, and delivery services. These commissions are charged to the statement of profit or loss under selling and marketing expenses in the period in which the related sales are recognized.

24. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Salaries, wages, and related costs		8,150,654	10,433,921
Board remuneration		2,956,822	2,798,262
Professional and consulting fees	24/1	1,445,799	1,175,815
Depreciation machinery and equipment	5/5	817,615	811,021
Governmental expenses		524,404	628,029
Decrease in amounts due from a related party	27	230,232	--
Repair and maintenance		210,804	224,721
Amortization of intangible assets	6/1	40,358	47,263
Other		1,388,080	888,347
		<u>15,764,768</u>	<u>17,007,379</u>

* Professional and consulting fees include fees for reviewing and examining the Company's financial statements amounting to 595,000 Saudi riyals (2024: 375,000 Saudi riyals).

25. OTHER INCOME

	<u>2025</u>	<u>2024</u>
Slaughterhouse sales	368,441	856,125
Gain on derecognition of right-of-use assets (Note 7)	321,935	--
Security deposits for the non-returned dishes	130,127	219,746
Delivery income	118,348	--
Leather sales	76,214	73,241
Tax assessment differences	--	250,282
Other income	790,893	637,400
	<u>1,805,958</u>	<u>2,036,794</u>

26. FINANCE COSTS

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Finance charges on lease liabilities	7/3	2,709,953	3,193,000
Bank commissions		1,168,446	744,877
Amortization of deferred financing costs on the long-term loan	16/3	641,076	285,222
Interest charged on employee benefits obligations	17	601,832	795,890
		<u>5,121,307</u>	<u>5,018,989</u>

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27. RELATED PARTIES DISCLOSURES

27/1 Transaction with related parties

The following table shows the total amounts of significant transactions conducted with related parties during the year and the related balances.

<u>Due to related parties</u>			<u>Transaction volume</u>		<u>Balance as in</u>	
<u>Name of Related party</u>	<u>Type of relationship</u>	<u>Nature of transaction</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Al-Jonah Sweets and Outside Catering Ltd	Associate Company	Sales	43,309	241,564	1,166,326	2,071,461
		Purchases / Services	1,366,565	5,141,776		
		Expenses	115,113	224,416		
Raydan Kitchens & Restaurants Egypt Company	Subsidiary (under liquidation)	Expenses paid on behalf	230,232	--	230,232	--
Allowance for impairment of amounts due from a related party					1,396,558	2,071,461
					(230,232)	--
					1,166,326	2,071,461

Senior management employees are the persons who exercise authority and responsibility in planning, directing and monitoring the Company's activities directly or indirectly, including any manager (whether executive or otherwise), whose salaries, wages, and the like during the year amounted to the following:

		<u>Nature of transaction</u>	<u>2025</u>	<u>2024</u>
Board & Key senior management employees		Board members' remuneration	2,427,488	2,690,262
		Salaries and allowances	2,053,265	2,628,240
		Employee benefit obligations	103,779	438,852
			4,584,532	5,757,354

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28. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

28/1 Contingent liabilities

As at 31 December 2025, the Company had no contingent capital commitments.

28/2 Capital commitments

As at 31 December 2025, capital commitments relating to projects under construction amounted to SAR 1.4 million (31 December 2024: SAR 2.3 million). These amounts represent contractual obligations payable by the Company upon receipt of the related goods or services.

29. OPERATING SEGMENTS INFORMATION

The method of presenting the main segments has been determined based on the fact that the risks and benefits related to the company are significantly affected by differences in the products of those segments. These segments are organized and managed separately according to the nature of the services and products, with each forming a separate unit. The operating segments outlined below are identified by distinguishing the service activities through which the Company generates revenues and incurs costs.

The economic characteristics are reviewed, and the operating segments are grouped based on the organization made by the decision-makers, at least quarterly, and reviewed by the Company's senior management.

The Company operates in the Kingdom of Saudi Arabia through the following main business segments:

- 1 - Traditional meals
- 2 - Catering services
- 3 - Other segments

Below is a summary of some financial information by business segments as of and for the years ended 31 December 2025, and 2024, which has been summarized according to the business segments mentioned above:

	Sector reports			
	Traditional meals	Catering Services	Other segments	Total
2025				
Revenue	103,151,353	10,780,198	148,701	114,080,252
Sector Expenses	(146,747,064)	(11,538,730)	(20,509,442)	(178,795,236)
Net (loss) of the segment	(43,595,711)	(758,532)	(20,360,741)	(64,714,984)
Sector assets	100,135,127	4,520,939	31,893,369	136,549,435
Sector liabilities	117,969,951	1,433,053	--	119,403,004

	Sector reports			
	Traditional meals	Catering Services	Other segments	Total
2024				
Revenue	142,620,441	11,019,314	1,728,005	155,367,760
Sector Expenses	(211,606,922)	(12,789,644)	(3,150,206)	(227,546,772)
Net (loss) of the segment	(68,986,481)	(1,770,330)	(1,422,201)	(72,179,012)
Sector assets	134,924,084	6,800,506	54,713,340	196,437,930
Sector liabilities	111,916,231	3,543,442	--	115,459,673

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30. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

The Company'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 Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

30/1 Financial Risk Management Framework

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The most important types of risk are credit risk, currency risk and fair value and cash flow interest rate risks.

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Financial instruments carried on the balance sheet include cash and cash equivalents, trade and other receivables, loans, trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item

30/2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: Interest rate risk, currency risk and other price risks.

30/2/1 Risks of change in buying and selling prices

Risks associated with changes in the prices of some commodities, which the Company is exposed to, which may have an undesirable impact on the Company's costs and cash flows. These commodity price risks arise from anticipated purchases of certain goods from raw materials used by the Company

30/2/2 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to fluctuations in foreign exchange rates. The Company is not significantly exposed to fluctuations in foreign exchange rates during its normal course of business, as the Company's core transactions during the period were denominated in Saudi Riyals and US Dollars. Thus, there are no significant risks associated with transactions and balances denominated in US Dollars

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30. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

30/3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration risk arises when a number of counterparties engaged in similar business activities or activities in the same geographical region or have economic features that would cause them to fail their contractual obligations. To reduce exposure to credit risk, the Company has developed a formal approval process whereby credit limits are applied to its customers, which are based on comprehensive customer ratings and past repayment rates.

The management also continuously monitors the credit exposure related to its customers and makes provision against the expected credit losses. Standing balances of customers are continuously monitored. Cash and cash equivalents are placed with national banks with sound credit ratings. Trade and other receivables are mainly due from local customers. Trade receivables are stated at their estimated realizable values.

The Company's gross maximum exposure to credit risk is as follows:

	Note	31 December 2025	31 December 2024
<u>Financial assets</u>			
Bank balances	12	1,097,188	544,538
Trade receivables	10	4,282,994	3,962,819
		<u>5,380,182</u>	<u>4,507,357</u>

RIDAN FOOD COMPANY
(LISTED COMPANY)

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30. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

30/4 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell financial assets quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available. The concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowings or reliance on a particular market in which to realize liquid assets. The following is the contractual maturities for financial liabilities at the end of the period, which are presented in gross and undiscounted amounts.

2025	Undiscounted contractual cash flows					Total contractual maturities
	Carrying value	1 year or less	From 1 year to 3 years	More than 3 years	Accrued interest for future periods	
Non-derivative financial liabilities						
Loans	3,367,843	3,367,843	--	--	--	3,367,843
Trade payables	24,660,226	24,660,226	--	--	--	24,660,226
Accrued expenses and other payables	33,724,205	33,724,205	--	--	--	33,724,205
Lease liabilities	47,949,888	9,997,923	18,939,225	19,012,740	11,744,331	59,694,219
	109,702,162	71,750,197	18,939,225	19,012,740	11,744,331	121,446,493
<hr/>						
2024						
Non-derivative financial liabilities						
Loans	5,215,942	2,575,285	1,921,543	--	719,114	5,215,942
Trade payables	21,911,735	21,911,735	--	--	--	21,911,735
Accrued expenses and other payables	19,583,256	19,583,938	--	--	--	19,583,938
Lease liabilities	56,567,099	10,408,109	22,374,406	23,784,584	13,249,936	69,817,035
	103,278,032	54,858,688	23,818,351	23,120,000	14,058,025	115,855,064

- It is not expected that the cash flow included in the maturity analysis could occur significantly earlier or significantly different amount.

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30. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

30/5 Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Company's adjusted net debt to net equity ratio was as follows:

	31 December, 2025	31 December, 2024
Total liabilities	119,403,004	115,459,673
Less: Cash and cash equivalents	(1,353,666)	(1,199,555)
Net liabilities	118,049,338	114,260,118
Total equity	17,146,431	80,978,257
Net obligations to equity	6.9	1.41

31. SIGNIFICANT EVENTS

- With reference to Ridan Food Company's announcement dated February 4, 2025 (corresponding to Sha'ban 5, 1446H), concerning the Board of Directors' resolution to liquidate the Company's investment in the Arab Republic of Egypt, represented by a wholly owned subsidiary with a share capital of EGP 50,000, in order to avoid foreign exchange losses, the financial impact, which is not expected to be material, will be recognized in the Company's financial statements in the subsequent period upon completion of the liquidation procedures. The franchise operations in the Arab Republic of Egypt will continue.

- On March 16, 2025, the Company sold a plot of land owned by it, being Plot No. 105, Block No. 8, Plan No. 1628, located in Al Andalus District, Riyadh, with a carrying amount of SAR 3.8 million.

- On September 1, 2025, the Company sold Plot No. 204 of Plan No. 238, located in Al Muntazahat District, Jeddah, with a carrying amount of SAR 1 million.

- On December 10, 2025, the Company sold two plots of land owned by it, being Plot No. 568 and 569 of Plan No. 1800, located in Al Jamiah District, Jeddah, with a carrying amount of SAR 4.6 million

32. MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

The financial statements indicate that the company's total accumulated losses as of 31 December 2025 amounted to SAR 55,989,599, representing 76.6% of the capital (2024: SAR 77,386,141, representing 48.9% of the capital), and the company's current liabilities exceeded its current assets, resulting in a working capital deficit of SAR 60,040,163 (2024: SAR 35,233,245). However, the company primarily relies on the implementation of its business plans to generate sufficient cash flows to meet its obligations as they fall due and to continue operations without a significant deficit, through the execution of a package of corrective measures. These measures include diversifying the company's products to increase branch sales, focusing on the catering sector, enhancing revenues through long-term strategic agreements, geographic expansion in currently uncovered areas, restructuring the franchise operations, and reducing operating expenses by consolidating warehouses, slaughterhouses, and the central kitchen. Accordingly, the company's management believes that the financial statements have been prepared on a going concern basis, notwithstanding that there may be significant doubt regarding the company's ability to continue its operations.

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33. SUBSEQUENT EVENTS

On 22 January 2026 (corresponding to 3 Sha'ban 1447H), a binding agreement was signed to sell one of the operational branches located in Al-Nozha, Jeddah (Hira Branch). In addition, a lease agreement was signed for the same branch as part of a sale and leaseback transaction. The management confirms that the buyer is not a related party and undertakes to disclose any material future developments in accordance with the relevant laws and regulations. This transaction is part of the management's efforts to improve liquidity, settle financial obligations, and release the existing lien with Yanal Finance Company.

34. COMPARATIVE FIGURES

The comparative figures for the previous year presented in these financial statements have not been subject to any material reclassifications. Accordingly, the presentation of balances and disclosures remains consistent with that of the current period, ensuring the comparability of the financial information.

35. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 20 Shawwal, 1447H corresponding to 8 April 2026G.