ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2021
together with the
INDEPENDENT AUDITOR'S REPORT

INDEX	**PAGES**

KPMG Professional Services
Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد 92876
الرياض 11663
المملكة العربية السعودية
سجل تجاري رقم 1010425494

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Alamar Foods Company (A Closed Joint Stock Company)

Opinion

We have audited the consolidated financial statements of **Alamar Foods Company ("the Company") and its subsidiaries ("the Group")**, which comprise of the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Independent Auditor's Report

To the Shareholders of Alamar Foods Company (A Closed Joint Stock Company) (continued)

Impairment of property and equipment and right of use assets

Refer Note 3 to the consolidated financial statements for the accounting policy for impairment of non-financial assets and Note 6 to the consolidated financial statements for the related disclosures.

Key audit matter	How the matter was addressed in our audit
As at 31 December 2021, the carrying value of property and equipment amounted to SR 162,987,240 (2020: SR 153,631,720) and carrying value of right of use assets amounted to SR 211,747,378 (2020: 188,306,035). As at each reporting date, the Group's management assesses whether there is any indication that property and equipment and right of use assets may be impaired. Where conditions of impairment exist, an assessment of recoverable amount of these assets or relevant cash generating units ('CGU') is carried out to identify any impairment. The impairment testing is considered to be a key audit matter due to the significant judgement required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount of the CGUs is based on value in use that has been derived from discounted forecast cash flow models. These models use several key assumptions, including estimates of future sales volumes and discount rates.	Our procedures to assess the impairment of property and equipment and right of use assets included the following: - Assessed the Group's impairment policies for property and equipment and right of use assets, for compliance with IFRS that are endorsed in KSA and other standards and pronouncements issued by SOCPA. - Evaluated the assessment performed by management to determine whether there is any indication of impairment. - Evaluated design and implementation of controls established by management in determining the recoverable amounts. In addition to the above, we also performed the following procedures when impairment indication exists for property and equipment, or for right of use assets: - Assessed the appropriateness of management's assumptions applied to key inputs used to determine the recoverable amount of the assets based on our knowledge of the Group and the industry it operates in. - Assessed management's methods of identifying individual CGUs. - Tested the mathematical accuracy of cash flow models - Performed sensitivity analysis which included assessing the effect of reasonably possible fluctuations in growth rates, discount rates and forecast cash flows to evaluate the impact on the currently estimated recoverable amounts.

Independent Auditor's Report

To the Shareholders of Alamar Foods Company (A Closed Joint Stock Company) (continued)

Right of use assets and lease liabilities

Refer Note 3 to the consolidated financial statements for the accounting policy for Right of use assets and lease liabilities and Notes 7 and 18 to the consolidated financial statements for the related disclosures.

Key audit matter	How the matter was addressed in our audit
As at 31 December 2021, the carrying value of right of use assets amounted to SR 211,747,378 (2020: 188,306,035) and lease liabilities amounted to SR 227,035,252 (2020: 201,957,476). The group leases mainly comprise stores and vehicles. Significant judgement is required in the assumptions and estimates made in order to determine the right of use assets and lease liability. We considered accounting for leases as a key audit matter due to complexity of measurement calculations, significant judgements involved including assessment of lease term and discount rates, as well as the high volume of lease agreements.	Our procedures to address accuracy and reasonableness of lease liability and right of use assets included the following: - Evaluated the design and implementation of management controls in place for appropriate identification and accurate accounting of leases. - Evaluated whether management's determination of the lease term is appropriate on sample basis. - Inspected the terms and conditions of the underlying contracts and evaluated management's identification of relevant lease terms on a sample of lease contracts. - Examined on sample basis whether the appropriate discount rate is used to calculate the present value of the unpaid lease liability (i.e., the interest rate implicit in the lease or, when not readily determinable, the incremental borrowing rate). - Re-performed management's calculation on outstanding lease liabilities and right of use assets for a sample of arrangements. - Agreed payments made for outstanding leases for a sample of contracts - For a sample of leases entered into during the year, tested lease schedules, by recalculating the amounts of underlying the right of use assets and lease liabilities, based on the terms of the lease contracts and checked the arithmetical accuracy of those individual lease schedules.

Independent Auditor's Report

To the Shareholders of Alamar Foods Company (A Closed Joint Stock Company) (continued)

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, Company's by-laws or both and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent Auditor's Report

To the Shareholders of Alamar Foods Company (A Closed Joint Stock Company) (continued)

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 of **Alamar Foods Company ("the Company") and its subsidiaries ("the Group")**.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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.

KPMG Professional Services

كي بي إم جي للاستشارات المهنية
Lic No. 46
C.R. 1010425494
R : 1.
KPMG
ترخيص رقم ٤٦
س.ت: ١٠١٠٤٢٥٤٩٤
KPMG Professional Services

Fahad Mubark Aldossari
License No: 469

Al Riyadh: 18 Ramadan 1443H
Corresponding to: 19 April 2022

ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2021
(Amount in Saudi Riyals)

	Note	**31 December 2021**	31 December 2020
ASSETS			
Property and equipment	*6*	**162,987,240**	153,631,720
Right of use assets	*7*	**211,747,378**	188,306,035
Goodwill	*33*	**24,762,215**	24,993,979
Other intangible assets	*8*	**7,024,984**	4,434,272
Equity-accounted investees	*9*	**2,015,851**	12,746
Deferred tax assets	*10*	**3,652,008**	2,840,143
Non-current assets		**412,189,676**	374,218,895
Inventories	*11*	**50,807,427**	33,813,668
Trade and other receivables	*12*	**71,163,359**	64,853,142
Due from related parties	*13*	**25,178,420**	10,611,820
Cash and cash equivalents	*14*	**190,567,259**	128,105,607
Current assets		**337,716,465**	237,384,237
TOTAL ASSETS		**749,906,141**	611,603,132
EQUITY AND LIABILITIES			
Equity			
Share capital	*15*	**255,000,000**	5,000,000
Treasury shares	*15*	**(3,000,000)**	--
Statutory reserve	*16*	**14,240,824**	2,500,000
Capital contribution	*17*	**-**	151,268,859
Retained earnings		**80,063,484**	64,322,839
Foreign currency translation reserve	*3*	**(5,643,362)**	2,339,886
Equity attributable to owners of the Company		**340,660,946**	225,431,584
Non-controlling interest	*35*	**(296,055)**	1,560,826
Total equity		**340,364,891**	226,992,410
Lease liabilities	*18*	**149,110,367**	137,486,754
Employee benefits	*19*	**28,605,824**	22,087,041
Trade and other payables	*20*	**5,693,181**	7,058,239
Loans and borrowings	*27*	**3,183,167**	2,864,273
Deferred tax liabilities	*10*	**1,622,220**	1,444,257
Non-current liabilities		**188,214,759**	170,940,564
Lease liabilities	*18*	**77,924,885**	64,470,722
Employee benefits	*19*	**19,550,194**	18,020,800
Trade and other payables	*20*	**110,829,332**	119,431,509
Due to related parties	*13*	**2,489,403**	2,602,743
Current portion of loan and borrowings	*27*	**1,646,857**	1,148,361
Provision for zakat and income tax	*10*	**8,885,820**	7,996,023
Current liabilities		**221,326,491**	213,670,158
Total liabilities		**409,541,250**	384,610,722
TOTAL EQUITY AND LIABILITIES		**749,906,141**	611,603,132

The accompanying notes (1) through (40) form an integral part of these consolidated financial statements.
These consolidated financial statements shown on pages 3 to 62 was approved on 18 Ramadan 1443H (corresponding to 19 April 2022) and signed on behalf of the Board of Directors by Chairman of Board, Chief Executive Officer and Chief Financial Officer.

ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2021
(Amount in Saudi Riyals)

	Note	**31 December 2021**	31 December 2020
Revenue	*21*	**868,136,005**	695,448,075
Cost of sales	*22*	**(561,036,306)**	(464,698,618)
Gross profit		**307,099,699**	230,749,457
Selling and distribution expenses	*23*	**(84,583,321)**	(63,948,366)
Administrative expenses	*24*	**(95,935,054)**	(93,191,645)
Other income	*25*	**19,187,703**	12,067,499
Impairment loss on cash and cash equivalents	*14*	**--**	(3,750,000)
Impairment loss on trade and other receivables	*12*	**(2,712,050)**	(35,572)
Operating profit		**143,056,977**	81,891,373
Reversal of impairment loss on property and equipment	*6*	**1,121,482**	1,900,000
Reversal / (charge) of impairment losses on equity accounted investee	*9*	**1,532,944**	(6,617,141)
Share of profit / (loss) of equity-accounted investee	*9*	**796,291**	(816,167)
Finance costs and bank charges	*26*	**(16,038,070)**	(14,857,452)
Profit before zakat and tax		**130,469,624**	61,500,613
Zakat and income tax	*10*	**(13,061,387)**	(5,577,621)
Profit for the year		**117,408,237**	55,922,992
Other comprehensive (loss) / income			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement loss of employee defined benefit liabilities		**(2,813,506)**	(1,024,959)
Item that are reclassified subsequently to profit or loss:			
Foreign operations – foreign currency translation differences		**(8,658,460)**	2,528,606
Other comprehensive (loss) / income for the year		**(11,471,966)**	1,503,647
Total comprehensive income for the year		**105,936,271**	57,426,639
Profit attributable to:			
Owners of the Company		**118,587,389**	56,279,780
Non-controlling interests	*35*	**(1,179,152)**	(356,788)
		117,408,237	55,922,992
Total comprehensive income attributable to:			
Owners of the Company		**107,793,152**	57,594,367
Non-controlling interests	*35*	**(1,856,881)**	(167,728)
		105,936,271	57,426,639
Earnings per share			
Basic and diluted earnings per share	*36*	***4.65***	*2.21*

The accompanying notes (1) through (40) form an integral part of these consolidated financial statements.

ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021
(Amount in Saudi Riyals)

	Attributable to owners of the Company								
	Share capital	Treasury shares	Statutory reserve	Capital contribution	Retained earnings	Foreign currency translation reserve	Total equity	Non-controlling interest	Total
At 1 January 2020	**5,000,000**	**--**	**2,500,000**	**151,268,859**	**79,460,833**	**--**	**238,229,692**	**--**	**238,229,692**
Total comprehensive income for the year									
Profit for the year	--	--	--	--	56,279,780	--	56,279,780	(356,788)	55,922,992
Other comprehensive income for the year	--	--	--	--	(1,025,299)	2,339,886	1,314,587	189,060	1,503,647
Total comprehensive income for the year	**--**	**--**	**--**	**--**	**55,254,481**	**2,339,886**	**57,594,367**	**(167,728)**	**57,426,639**
Transactions with owners of the Company									
Dividends	--	--	--	--	--	--	--	--	--
Contribution from shareholders	--	--	--	--	4,574,727	--	4,574,727	--	4,574,727
Waiver of related party balances pre acquisition	--	--	--	--	(70,645,705)	--	(70,645,705)	--	(70,645,705)
Total transactions with owners of the Company	**--**	**--**	**--**	**--**	**(66,070,978)**	**--**	**(66,070,978)**	**--**	**(66,070,978)**
Acquisition of subsidiary with NCI	--	--	--	--	(1,616,615)	--	(1,616,615)	(804,686)	(2,421,301)
Dividends to NCI	--	--	--	--	40,241	--	40,241	(40,241)	--
Waiver of related party balances post acquisition	--	--	--	--	(2,745,123)	--	(2,745,123)	2,573,481	(171,642)
Balance at 31 December 2020	**5,000,000**	**--**	**2,500,000**	**151,268,859**	**64,322,839**	**2,339,886**	**225,431,584**	**1,560,826**	**226,992,410**
At 1 January 2021	**5,000,000**	**--**	**2,500,000**	**151,268,859**	**64,322,839**	**2,339,886**	**225,431,584**	**1,560,826**	**226,992,410**
Total comprehensive income for the year									
Profit for the year	--	--	--	--	118,587,389	--	118,587,389	(1,179,152)	117,408,237
Other comprehensive loss for the year	--	--	--	--	(2,810,989)	(7,983,248)	(10,794,237)	(677,729)	(11,471,966)
Total comprehensive income for the year	**--**	**--**	**--**	**--**	**115,776,400**	**(7,983,248)**	**107,793,152**	**(1,856,881)**	**105,936,271**
Transactions with owners of the Company									
Contribution from shareholders	--	--	--	--	10,436,210	--	10,436,210	--	10,436,210
Increase in share capital (note 15.1)	250,000,000	--	--	(151,268,859)	(98,731,141)	--	--	--	--
Treasury shares acquired (note 15.2)	--	(3,000,000)	--	--	--	--	(3,000,000)	--	(3,000,000)
Total transactions with owners of the Company	**250,000,000**	**(3,000,000)**	**--**	**(151,268,859)**	**(88,294,931)**	**--**	**7,436,210**	**--**	**7,436,210**
Transfer to statutory reserve (note 16)	--	--	11,740,824	--	(11,740,824)	--	--	--	--
Balance at 31 December 2021	**255,000,000**	**(3,000,000)**	**14,240,824**	**--**	**80,063,484**	**(5,643,362)**	**340,660,946**	**(296,055)**	**340,364,891**

The accompanying notes (1) through (40) form an integral part of these consolidated financial statements.

ALAMAR FOODS COMPANY
(A Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2021
(Amount in Saudi Riyals)

	Note	**31 December 2021**	31 December 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		**117,408,237**	55,922,992
Adjustments for:			
Zakat and income tax	*10*	**13,061,387**	5,577,621
Depreciation of property and equipment	*6*	**31,995,893**	31,344,624
Depreciation of right of use assets	*7*	**65,229,773**	64,362,966
Amortization of intangible assets	*8*	**1,489,679**	2,087,907
Impairment of cash and cash equivalents	*14*	**--**	3,750,000
Impairment loss on trade and other receivables		**2,712,050**	35,572
Reversal of impairment loss on property plant and equipment	*6*	**(1,121,482)**	(1,900,000)
Share of (profit) / loss in equity-accounted investee	*9*	**(796,291)**	816,167
(Reversal) / impairment loss on equity accounted investee	*9*	**(1,532,944)**	6,617,141
Loss on disposal of intangibles		**--**	702,474
Employee benefits expense		**8,286,895**	5,032,060
Interest expense of lease liabilities	*26*	**11,500,339**	12,767,909
Provision for slow moving inventories		**236,892**	893,368
(Gain) / loss on disposal of property and equipment	*25*	**(167,957)**	2,431,787
		248,302,471	190,442,588
Changes in:			
Inventories		**(17,230,651)**	(7,284,341)
Trade and other receivables		**(9,022,267)**	115,646
Due from related parties		**(3,516,241)**	66,875,539
Other employee benefits		**1,566,568**	5,101,606
Trade and other payables		**(9,967,235)**	9,759,302
Due to related parties		**(113,340)**	(63,896,638)
Cash generated from operating activities		**210,019,305**	201,113,702
Zakat and income tax paid	*10*	**(12,805,492)**	(4,582,367)
Employee benefits paid	*19*	**(4,174,009)**	(2,906,878)
Net cash generated from operating activities		**193,039,804**	193,624,457
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	*6*	**(43,652,709)**	(28,751,328)
Acquisition of intangible assets	*8*	**(4,107,167)**	(1,176,445)
Expenses incurred on behalf of related parties	*13*	**(3,614,148)**	(2,444,637)
Acquisition of subsidiary, net of cash acquired		**--**	10,486,821
Proceeds from sale of property and equipment		**2,641,757**	--
Net cash used in investing activities		**(48,732,267)**	(21,885,589)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans and borrowings		**817,420**	2,121,720
Lease liabilities		**(65,519,380)**	(45,743,162)
Interest expense of lease liabilities		**(11,500,339)**	(12,767,909)
Net cash used in financing activities		**(76,202,299)**	(56,389,351)
Net increase in cash and cash equivalents		**68,105,238**	115,349,517
Net foreign currency differences		**(5,643,586)**	(518,107)
Cash and cash equivalents at 1 January		**128,105,607**	17,024,197
Cash and cash equivalents – gross at 31 December	*14*	**190,567,259**	131,855,607
Less: Impairment loss		**--**	(3,750,000)
Cash and cash equivalents – net at 31 December	*14*	**190,567,259**	128,105,607
Significant non-cash items:			
Contribution from shareholders	*13*	**10,436,210**	4,574,727

The accompanying notes (1) through (40) from an integral part of these consolidated financial statements.

(Amount in Saudi Riyals)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Alamar Foods Company (the "Company" (or) the "Parent Company") is a Saudi Closed Joint Stock Company formed under the Regulations for Companies in Kingdom of Saudi Arabia under Commercial Registration (CR) Number 1010168969 dated 20 Jumada Al-Thani 1422H (corresponding to 09 September 2001). The Company has obtained the Ministry of Commerce approval based on Board of Ministries Resolution No. 97 dated 16 Rabi Al Awal 1433H (corresponding to 08 February 2012).

The main activities of the Company and its subsidiaries (collectively referred as "the Group") consist of:
i) Administration and operation of 383 restaurants (31 December 2020: 359) under a Domino's franchise agreement catering service for cooked and non-cooked food and fast food meals; and
ii) Administration and operation of 44 restaurants (31 December 2020: 33) under Dunkin Donut's franchisee agreement.

The address of the Company's registered office is as follows:
Alamar Building
Olaya Road, Olaya District
P.O Box 4748, Riyadh 11412
Kingdom of Saudi Arabia

These consolidated financial statements include the financial position and performance of the Company and its following subsidiaries:

Name of the Company	***Place of incorporation***	***Principal activity***	***Date of acquisition***	***Effective holding percentage 31 December***	
				2021	***2020***
Alamar Foods Company LLC	*Amman, Jordan*	*Establishing, operating and managing of fast food restaurants*	*9 January 2020*	*75%*	*75%*
Alamar Foods Company LLC	*Cairo, Egypt*	*Establishing, operating and managing of fast food restaurants*	*9 January 2020*	*99%*	*99%*
Alamar Foods LLC	*Doha, Qatar*	*Establishing, operating and managing of fast food restaurants*	*9 January 2020*	*99%*	*99%*
Alamar Foods DMCC (a)	*Dubai, UAE*	*Establishing, operating and managing of fast food restaurants*	*9 January 2020*	*100%*	*100%*
Alamar Foods LLC	*Dubai, UAE*	*Establishing, operating and managing of fast food restaurants*	*9 January 2020*	*99%*	*99%*
Alamar Foods Company W.L.L	*Manama, Bahrain*	*Establishing, operating and managing of fast food restaurants*	*9 January 2020*	*99%*	*99%*
Alamar Foods SARL	*Beirut, Lebanon*	*Establishing, operating and managing of fast food restaurants*	*9 January 2020*	*95%*	*95%*
HEA Trade and Services Company (b)	*Rabat, Morocco*	*Establishing, operating and managing of fast food restaurants*	*23 January 2020*	*49%*	*49%*

1. ORGANIZATION AND PRINCIPAL ACTIVITIES (CONTINUED)

(a) The Company acquired 100% shareholding of Alamar Foods DMCC and its subsidiaries on 9 January 2020, through a share transfer from the joint owners of the two entities. The acquisition is treated as transaction under common control since the Company and Alamar Foods DMCC are ultimately controlled by same shareholder.

(b) HEA Trade and Services Company- Morocco was acquired by Alamar Foods DMCC on 23 January 2020 (date of commercial registration) and the shareholder structure was updated to transfer all the risks and rewards of ownership of 49% of this entity to Alamar Foods DMCC at an agreed sale price of SAR 26.2 million (note 32).

2. BASIS OF PREPARATION

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

Basis of measurement
The consolidated financial statements have been prepared on a historical cost basis except for the defined benefit plan which is measured at present value of future obligations using Projected Unit Credit Method and equity accounted investees which are accounted for using the equity method of accounting. Further, the consolidated financial statements are prepared on a going concern basis using the accrual basis of accounting.

The Board of Directors of the Company have approved the plan for initial public offering (IPO) of the Company by submitting an application and registering the securities to the Capital Market Authority ("the Authority") and listing it through Saudi Stock Exchange ("Tadawul"). The listing of securities on Tadawul is still in process as of the date of approval of these consolidated financial statements.

Functional and presentation currency
These consolidated financial statements are presented in Saudi Riyal ("SR") which is the functional and presentation currency of the Group. All amounts have been rounded to nearest SR, unless otherwise indicated Refer to note 3 for the translation of foreign operations.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial information.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries) (together reported for the consolidated financial statements purpose as “the Group”).

Control exists when the Group:
a) has the power over the investee;
b) is exposed, or has rights, to variable returns from its investment with the investee; and
c) has the ability to use its power to affect its returns.

All three of these criteria must be met for an investor to have control over an investee.

Transactions eliminated on consolidation

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a ‘concentration test’ that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Non-controlling interest

Non-controlling interests are measured at their proportionate share of the acquirer’s identifiable net assets at the acquisition date. Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Investment in subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries is included in the consolidated financial statements from the date on which control commences until the date on which control ceases. When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

Investments in an equity accounted investees
The Group's interest in equity - accounted investees comprise interests in associates and a joint venture.

An associate is an entity over which the Group has significant influence but not control and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement rather than rights to its assets and obligations for its liabilities. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates and joint ventures are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates and joint ventures, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture) are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in the consolidated statement of profit or loss.

Where a group entity transacts with an associate of the Group, unrealized gains are eliminated to the extent of the Group's interest in the relevant associate or joint venture. Unrealized losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

The requirements of IAS 28 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

Investments in an equity accounted investees (continued)

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Common control transactions

A ‘business combination involving entities or businesses under common control’ is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

The extent of NCI in each of the combining entities before and after the business combination is not relevant in determining whether the combination involves entities under common control.

The Group accounts for business combinations under common control using book-value (carry-over basis) accounting (also referred to as ‘predecessor accounting method’) and recognizes the assets acquired and liabilities assumed using the book values in the financial statements of the entity transferred when the control is transferred to the Group. The results and statement of financial position of entity acquired are consolidated prospectively from the date of acquisition.

The difference between purchase consideration and book value of assets acquired, and liabilities assumed is recognized in equity as an adjustment to retained earnings.

Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity under common control transaction when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

NCI are measured initially at their proportionate share of the acquiree’s identifiable net assets at the date of acquisition.

Changes in the Group’s interest in a subsidiary acquired under common control that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control over a subsidiary acquired under common control, it recognized as the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Foreign operations
The assets and liabilities of foreign operations, including fair value adjustments arising on acquisition, are translated into SR at the exchange rates as of reporting date. The income and expenses of foreign operations are translated into SR at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in in the translation reserve, except to the extent that the translation difference is allocated to NCI. The translation reserve as at 31 December 2021 comprise all foreign currency differences arising from the translation of financial statements of foreign operations.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

The Group recognizes revenue from the sale of goods and services. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product or service to a customer.

The Group sells goods as detailed in note 1 to its customers. For sale of goods, revenue is recognized when control of the goods has transferred, being when the goods have been delivered to the customers. A receivable is recognized by the Group when the goods are delivered as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenues from restaurant sales under the Domino’s Pizza, Dunkin Donuts franchises and other restaurants including sales from supply center are recognized, net of discount at a point in time at which the goods are delivered.

Other operating income

Royalty and advertising revenue from related and third-party sub-franchisee contracts are recorded monthly based on the sales achieved by the respective sub-franchisee. This revenue is presented net of the royalties paid to the franchiser in respect of the sub-franchisee sales.

Employee benefits

Employee defined benefit liabilities

The employee defined benefit liability is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurements, comprising actuarial gains and losses, are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the year in which they occur.

Remeasurements recognized in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- remeasurements

The Group presents the first two components of defined benefit costs in profit or loss in relevant line items. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, air tickets and sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recorded at the undiscounted amount of the benefits expected to be paid in exchange for that service if the Group has a present legal or constructive obligation to pay this amount and the obligation can be estimated reliably.

Retirement benefits

Retirement benefits made to defined contribution plans are expensed when incurred. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Zakat

Zakat is provided in accordance with the regulations of the Zakat, Tax and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia on an accrual basis. The zakat expense is charged to the consolidated statement of profit or loss and other comprehensive income. Differences, if any, resulting from the final assessments are adjusted in the period of their finalization.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation
Income tax expense represents the sum of the current tax payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Taxes relating to subsidiaries operating outside the Kingdom of Saudi Arabia are calculated in accordance with tax laws applicable in those countries. Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI."

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax
Deferred tax is recognized using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they are related to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Property and equipment
Property and equipment, except land and capital work-in-progress, are stated at cost (including capitalized borrowing cost) less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. Depreciation is recognized to write off the cost of assets less their residual values over their useful lives, using the straight-line method and is generally recognized in profit or loss. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes accounted for on a prospective basis. The Group applies the following annual rates of depreciation to its property and equipment:

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment (continued)

Buildings	3%
Leasehold improvements and building improvements	5% - 10%
Furniture and fixtures	10% - 20%
Machines and equipment	10% - 20%
Computer devices and hardware	25%
Vehicles	25%

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Capital work in progress:
Capital work in progress is stated at cost less accumulated impairment loss, if any and not depreciated until such time the assets are ready for intended use and transferred to the respective category under property and equipment.

Other intangible assets
Other intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

Amortization is recognized on a straight-line basis over their estimated useful lives and is generally recognized in profit or loss. The estimated useful life, residual values and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Other intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Amortization is calculated on the straight-line basis to write-down the cost of other intangible assets over their expected useful lives. Franchise rights are amortized over the term of the agreements (5 – 12 years).

The Group applies an annual rate of amortization of 25% to software.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Goodwill
Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held, over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in consolidated statement of profit or loss and other comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is from the acquisition date allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash generating unit retained.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication that those assets have suffered an impairment loss. Assets that have indefinite useful life are tested annually for impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of an impairment loss is recognized immediately in profit or loss.

Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held with banks, all of which are available for use by the Company unless otherwise stated and have maturities of three months or less, which are subject to insignificant risk of changes in values.

Foreign currencies

The individual financial information of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

In preparing the consolidated financial information of the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial information, the assets and liabilities including goodwill and fair value adjustments arising on acquisition of the Group's foreign operations are expressed in Saudi Arabian Riyals ("SR") using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are recognized in other comprehensive income and accumulated in equity. Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Financial instruments
Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when Group becomes a party to the contractual provisions of the instrument.

Financial assets (unless it is a trade receivable without a significant financing component) and financial liabilities are initially measured at fair value. A trade receivable without a significant financing component is initially measured at the transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets
All recognized financial assets are initially recognized at fair value and subsequently measured in their entirety at either amortized cost or fair value, depending on the classification. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Classification of financial assets
Debt instruments that meet the following conditions are subsequently measured at amortized cost:

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

Debt instruments that meet the following conditions are subsequently measured at Fair Value Through Other Comprehensive Income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at Fair Value Through Profit or Loss ("FVTPL").

Despite the above, the Group may make the following irrevocable election / designation at the initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met. The election is made on an investment-by investment basis; and
- the Group may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Classification of financial assets (continued)

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Effective interest method
The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Impairment of financial assets
The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, amounts due from customers, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognized for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognizes lifetime Expected Credit Loss ("ECL") for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Significant increase in credit risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment and estimating ECLs, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is considered when assessing whether credit risk has increased significantly since initial recognition:
- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating.
- significant deterioration in external market indicators of credit risk for a particular financial instrument.
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations.
- an actual or expected significant deterioration in the operating results of the debtor.
- significant increases in credit risk on other financial instruments of the same debtor.
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)
Significant increase in credit risk (continued)

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' in accordance with the globally understood definition.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default
The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group , in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due for financial assets due from customers unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; and
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy
The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Measurement of ECLs

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following bases:

- Nature of financial instruments
- Past-due status; and
- Nature, size and industry of debtors

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve (under OCI) is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve (under OCI) is not reclassified to profit or loss, but is transferred to retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity instruments

Classification as debt or equity
Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities
Financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities subsequently measured at amortized cost
Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination,1) derivative, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss.

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

Derecognition of financial liabilities
The Group derecognizes financial liabilities when, and only when, the Group's contractual obligations are discharged, cancelled or they expire. The Group also derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Further no borrowing cost is capitalized during the idle period.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories
Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The cost of work-in-process and finished goods are determined on the weighted average basis which includes, inter alia, an allocation of labor and manufacturing overheads.

Reporting Segment
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. All operating segments operating results are reviewed regularly by the Group's Chief Executive Officer to make decisions about resources to be allocated to the segment and to assess its performance. and for which discrete financial information is available.

Segment results that are reported to the Group's Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Provisions
Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Leases

Group as a lessee
The Group assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future.

The Group recognizes a right-of-use asset (RoU asset) and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate for property leases and interest rate implicit in the lease for vehicle leases.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

Generally, RoU asset would be equal to the lease liability. However, if there are any additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction etc. need to be added to the RoU asset value.

COVID -19 related rent concessions (Amendment to IFRS 16):
The Group has early adopted COVID-19-Related Rent Concessions – Amendment to IFRS 16 issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Group is a lessee – i.e. for leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modifications. The Group has applied the amendment retrospectively. The amendment has no impact on retained earnings at 1 January 2020. The Group has recorded SR 0.835 million in the statement of profit or loss for the year to reflect changes in the lease payments that arise from the rent concessions to which the lessee has applied the practical expedient

Share Capital
Ordinary shares are classified as equity which is residual interest in the assets of an entity after deducting all its liabilities.

Treasury shares:
When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within retained earnings.

Expenses
Expenses are recognized when incurred on accrual basis of accounting. Expenses are classified as follows:
- **Cost of sales**: These include the cost directly attributable to provision of services and sales of goods, i.e. directly related to revenue recognized. The group also received fixed and variable amounts from third parties as rebates and marketing support. The cost of sales is recorded net off rebates and marketing support.
- **Selling and marketing expenses**: These are arising from the Company's efforts underlying the selling and marketing functions.
- **General and administrative expenses**: all other expenses are classified as general and administrative expenses.

Allocations between cost of revenue, general and administrative expenses and selling and distribution expenses, when required, are made on consistent basis.

Finance costs
Finance costs comprise bank charges, finance cost on short term borrowing and finance costs on lease liabilities. Finance costs are recognized when incurred on accrual basis of accounting. Finance costs are recognised using effective interest method.

Borrowings
Borrowings are recognised initially at the transaction price (that is, the present value of cash payable to the bank or other counter party, including transaction costs). Borrowings are subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(Amount in Saudi Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share based payments

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. The fair value of the amount payable to employees in respect of SARs, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the SARs. Any changes in the liability are recognised in profit or loss.

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The accounting policies applied by the Group in preparing the financial statements are consistent with those followed in preparing the annual financial statements of the Group for the year ended 31 December 2020 except for the adoption of the new standards which were effective on 1 January 2021

Effective from	**New standards and amendments**
1 January 2021	Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted them in preparing these financial statements. These are not expected to have a significant impact on the financial statements of the Company.

1 January 2022	Onerous Contracts -Cost of Fulfilling a Contract (Amendments to IAS 37)
	Annual Improvements to International Financial Reporting Standards 2018- 2020
	Property, Plant and Equipment: Proceeds before intended use (Amendments lo IAS 16)
	Refer to the Conceptual Framework (Amendments to IFRS 3)
1 January 2023	Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
	IFRS 17 Insurance Contracts and Amendments to IFRS 17 Insurance Contracts
	Disclosure of Accounting Policies (Amendments to International Accounting Standards No. 1 and Practice Statement IFRS No. 2
	Definition of Accounting Estimates (Amendments to IAS 8)
	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
Available for optional adoption / effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

5.1 Significant judgments

Consolidation – significant judgement on control over subsidiary (note 32)
Although the Group owns less than half of HEA Trade and Services Company and has less than half of its voting power, management has determined that the Group controls this entity. This is because an agreement signed between the shareholders grants the Alamar Foods Company the right to appoint, remove and set the remuneration of management responsible for directing the relevant activities. Further the agreement also grants right to control the operating and financial policies of the subsidiary

Leases (notes 7 and 18)
In determining the lease term, management considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. Management revises the lease term if there is a change in the non-cancellable period of a lease.

5.2 Significant estimates and assumptions

Impairment of goodwill (note 6 and note 33)
The impairment test on CGUs is carried out by comparing the carrying amount of CGUs and their recoverable amount. The recoverable amount of a CGU is the higher of its fair value less costs of disposal and its value in use. This complex valuation process used to determine fair value less costs of disposal and/or value in use entails the use of methods such as the discounted cash flow method which uses assumptions to estimate cash flows. The recoverable amount depends significantly on the discount rate used in the discounted cash flow model as well as the expected future cash flows;
.

Useful lives and residual values of property, plant and equipment and right of use assets (notes 6 and 7)
An estimate of the useful lives and residual values of property, plant and equipment, right of use assets and intangible assets is made for the purposes of calculating depreciation and amortization respectively. These estimates are made based on expected usage for useful lives. Residual value is determined based on experience and observable data where available.

Impairment of property, plant and equipment, right of use assets and intangible assets (notes 6,7 and 8)
An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell is the arm's length sales price between knowledgeable willing parties less costs of disposal. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Employee defined benefit liabilities (note 19)
Employee defined benefit liabilities are determined using an actuarial valuation which requires estimates to be made of the various inputs.

(Amount in Saudi Riyals)

6. PROPERTY AND EQUIPMENT

	Land	*Buildings*	*Leasehold improvements*	*Furniture*	*Machines and equipment*	*Computer devices and hardware*	*Vehicles*	*Total*
Cost:								
At 1 January 2020	--	529,940	95,200,056	8,886,460	85,281,236	17,245,779	2,648,819	209,792,290
Acquisitions through business combinations	70,098	606,654	47,228,206	9,137,276	38,165,943	6,259,550	5,523,349	106,991,076
Additions	2,914,153	21,028	14,008,796	338,418	9,454,425	1,632,895	381,613	28,751,328
Transfer to intangible assets	--	(2,750)	(73,818)	--	--	--	--	(76,568)
Disposals	--	--	(2,691,781)	(41,031)	(1,279,419)	(1,238,726)	(298,798)	(5,549,755)
Effects of movement in exchange rates	1,269	15,250	441,275	39,486	507,646	21,151	43,285	1,069,362
At 31 December 2020	**2,985,520**	**1,170,122**	**154,112,734**	**18,360,609**	**132,129,831**	**23,920,649**	**8,298,268**	**340,977,733**
Additions	--	**56,549**	**26,534,387**	**1,415,069**	**12,659,881**	**2,272,722**	**714,101**	**43,652,709**
Disposals	--	**(104,688)**	**(3,011,240)**	**(156,266)**	**(1,630,314)**	**(164,305)**	**(553,601)**	**(5,620,414)**
Effects of movement in exchange rates	**13,403**	**1,441**	**(3,390,852)**	**(1,822,928)**	**(4,187,181)**	**(1,279,799)**	**(325,839)**	**(10,991,755)**
At 31 December 2021	**2,998,923**	**1,123,424**	**174,245,029**	**17,796,484**	**138,972,217**	**24,749,267**	**8,132,929**	**368,018,273**
***Accumulated depreciation*:**								
At 1 January 2020	--	158,982	41,865,524	4,775,214	45,740,068	12,563,536	1,473,255	106,576,579
Acquisitions through business combinations	--	141,707	22,944,871	5,959,580	17,834,353	3,779,507	3,346,166	54,006,184
Charge for the year	--	47,332	14,379,404	1,618,444	11,378,967	2,956,529	963,948	31,344,624
Reversal of impairment loss	--	--	(1,900,000)	--	--	--	--	(1,900,000)
Transfer to intangible assets	--	(2,750)	(73,818)	--	--	--	--	(76,568)
Disposals	--	--	(1,402,092)	(21,019)	(789,593)	(661,138)	(244,126)	(3,117,968)
Exchange rates movements	--	3,810	230,173	19,429	224,245	4,373	31,132	513,162
At 31 December 2020	**--**	**349,081**	**76,044,062**	**12,351,648**	**74,388,040**	**18,642,807**	**5,570,375**	**187,346,013**
Charge for the year	--	**11,053**	**15,758,723**	**1,510,813**	**11,288,866**	**2,322,534**	**1,103,904**	**31,995,893**
Reversal of impairment loss	**--**	**--**	**(1,121,482)**	**--**	**--**	**--**	**--**	**(1,121,482)**
Disposals	**--**	**(1,245)**	**(1,448,955)**	**(104,440)**	**(914,084)**	**(126,091)**	**(551,797)**	**(3,146,612)**
Exchange rates movements	**--**	**3,073**	**(4,240,521)**	**(1,135,398)**	**(3,144,708)**	**(1,263,227)**	**(261,998)**	**(10,042,779)**
At 31 December 2021	**--**	**361,962**	**84,991,827**	**12,622,623**	**81,618,114**	**19,576,023**	**5,860,484**	**205,031,033**
Net book value:								
At 31 December 2021	**2,998,923**	**761,462**	**89,253,202**	**5,173,861**	**57,354,103**	**5,173,244**	**2,272,445**	**162,987,240**
At 31 December 2020	2,985,520	821,041	78,068,672	6,008,961	57,741,791	5,277,842	2,727,893	153,631,720

(Amount in Saudi Riyals)

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- The depreciation charge has been allocated to the following line items within profit or loss:

	Note	**31 December 2021**	31 December 2020
Cost of sales	*22*	**29,929,143**	28,813,666
Selling and distribution expenses	*23*	**78,187**	78,682
Administrative expenses	*24*	**1,988,563**	2,452,276
		31,995,893	31,344,624

- **Impairment testing for Cash Generating Units (CGUs)**

Annual impairment testing for CGUs across all regions is carried out by management. The impairment test is based on "Value in Use" calculation which is reviewed at restaurants level. These calculations have used cash flow projections based on the actual operating results and future expected performance.

The key assumptions used in the estimation of the recoverable amount of CGU are: discount rate (range of 12% - 30% has been used) (2020: 12% - 19%) and sales growth rate of 2% has been used (2020: 2%) for all years and regions presented.

The values assigned to the key assumptions represent management's assessment of future trends and have been based on historical data from both external and internal sources. The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate ranging from 4.5%-22.5%.

Budgeted EBITDA was estimated taking into account past experience, adjusted as follows:
- Management future plans and roadmap
- Market conditions and competitors
- Growth in existing business
- Business development

Impairment movement: As at 31 December 2021, there is a reversal of impairment of SR 1.1 million (2020: SR 1.9 million) at an overall level. This is as a result of improved future outlook in Egypt and Jordan as a result of significant growth in sales and improved business performance following positive change in market conditions.

The overall net impairment position for these CGU's, per region is summarized as follows:

Region	**1 January 2021**	**Reversal**	**31 December 2021**	**Recoverable amount of CGUs at 31 December 2021**
Jordan	531,722	(308,617)	223,105	19,646,957
Egypt	812,865	(812,865)	--	128,848,508
Lebanon	1,187,000	--	1,187,000	4,819,688
Total	2,531,587	(1,121,482)	1,410,105	153,315,153

(Amount in Saudi Riyals)

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- **Impairment testing for Cash Generating Units CGUs (continued)**

The key assumptions used in the estimation of the recoverable amount of CGU where there is movement in impairment during the year are set out below:

Region	Discount rate		Budgeted sales growth (average of next 5 years)	
	2021	2020	2021	2020
Jordan	12%	12%	2%	2%
Egypt	19%	19%	2%	2%
Lebanon	30%	16%	2%	2%

- **Impairment testing for Goodwill**

This relates to goodwill arisen on acquisition of HEA Trade & Services Company as disclosed in note 33.

For the purpose of annual mandatory impairment testing, group of CGUs i.e., stores to which goodwill relates are tested for impairment. The recoverable amount of goodwill including group of CGUs was determined based on its value in use, determined by discounting the future cash flows to be generated from the continuing use. The carrying amount of group of CGUs including goodwill was determined to be lower than its recoverable amount of SR 119 million.

The key assumptions used in the estimation of value in use were as follows:

Description	2021
Discount rate	**9.6%**
Terminal value growth rate	**1%**
Budgeted EBITDA growth rate (annual average of next five years)	**58%**

The discount rate represents weighted average cost of capital of the Company from all sources including all forms of debt adjusted for market risk premium and beta factor of food processing sector. The discount rate was a pre-tax measure based on the rate of 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium and beta to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU.

Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined as the lower of the nominal gross domestic product (GDP) rates for the countries in which the CGU operates and the long-term compound annual EBITDA growth rate estimated by management. A reasonable decline in growth rate by 20% will still result in recoverable amount to be higher than carrying amount by SR 80.2 million.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years. It was assumed that sales prices would grow at a constant margin above forecast inflation over the next five years.

(Amount in Saudi Riyals)

7. RIGHT OF USE ASSETS

Right-of-use assets related to leased properties that meet the definition of leased assets under the adoption of IFRS 16.

The Group leases stores and vehicles. The leases typically run for an average lease term of up to 5 years, with an option to renew the lease after that date in some contracts. Lease payments are fixed, some leases include escalated rent payments.

	Buildings and land	Vehicles	Total
Cost:			
At 1 January 2020	163,195,742	22,167,715	185,363,457
Acquisitions through business combination	95,193,266	1,455,264	96,648,530
Additions	33,432,884	4,838,113	38,270,997
Disposals	(3,085,793)	(2,745,281)	(5,831,074)
Exchange rates movements	578,635	89,646	668,281
At 31 December 2020	289,314,734	25,805,457	315,120,191
At 1 January 2021	**289,314,734**	**25,805,457**	**315,120,191**
Additions	**78,486,535**	**18,296,082**	**96,782,617**
Disposals	**(10,854,206)**	**(8,352,436)**	**(19,206,642)**
Exchange rates movements	**(4,205,368)**	**(17,330)**	**(4,222,698)**
At 31 December 2021	**352,741,695**	**35,731,773**	**388,473,468**
Accumulated depreciation:			
At 1 January 2020	35,986,999	10,514,005	46,501,004
Acquisitions through business combination	19,027,706	512,277	19,539,983
Charge for the year	58,342,618	6,020,348	64,362,966
Disposals	(1,378,190)	(2,344,695)	(3,722,885)
Exchange rates movements	101,531	31,557	133,088
At 31 December 2020	112,080,664	14,733,492	126,814,156
At 1 January 2021	**112,080,664**	**14,733,492**	**126,814,156**
Charge for the year	**58,469,783**	**6,759,990**	**65,229,773**
Disposals	**(4,899,424)**	**(8,121,757)**	**(13,021,181)**
Exchange rates movements	**(2,286,746)**	**(9,912)**	**(2,296,658)**
At 31 December 2021	**163,364,277**	**13,361,813**	**176,726,090**
Net book values:			
At 31 December 2021	**189,377,418**	**22,369,960**	**211,747,378**
At 31 December 2020	177,234,070	11,071,965	188,306,035

The depreciation charge has been allocated to the following line items within profit or loss:

	Note	**31 December 2021**	31 December 2020
Cost of sales	*22*	**56,940,124**	55,404,914
Selling and distribution expenses	*23*	**4,933,297**	4,400,051
Administrative expenses	*24*	**3,356,352**	4,558,001
		65,229,773	64,362,966

(Amount in Saudi Riyals)

8. OTHER INTANGIBLE ASSETS

	Software	**Franchise rights**	**Total**
Cost			
At 1 January 2020	13,621,875	2,483,538	16,105,413
Acquisitions through business combination	5,615,039	--	5,615,039
Additions	644,267	532,178	1,176,445
Disposals	(1,525,346)	--	(1,525,346)
Exchange rates movements	239,819	33,869	273,688
At 31 December 2020	18,595,654	3,049,585	21,645,239
Additions	**3,104,305**	**1,002,862**	**4,107,167**
Exchange rates movements	**(124,701)**	**11,237**	**(113,464)**
At 31 December 2021	**21,575,258**	**4,063,684**	**25,638,942**
Accumulated amortization			
At 1 January 2020	11,396,093	881,675	12,277,769
Acquisitions through business combination	3,550,261	--	3,550,261
Amortization	1,827,107	260,800	2,087,907
Disposals	(822,872)	--	(822,872)
Exchange rates movements	107,363	10,540	117,903
At 31 December 2020	16,057,952	1,153,015	17,210,967
Amortization	**1,268,562**	**221,117**	**1,489,679**
Exchange rates movements	**(91,317)**	**4,629**	**(86,688)**
At 31 December 2021	**17,235,197**	**1,378,761**	**18,613,958**
Net book values:			
At 31 December 2021	**4,340,061**	**2,684,923**	**7,024,984**
At 31 December 2020	2,537,702	1,896,570	4,434,272

The amortization charge has been allocated to the following line items within profit or loss:

	Note	**31 December 2021**	31 December 2020
Cost of sales	*22*	**587,844**	1,026,550
Selling and distribution expenses	*23*	**12,500**	12,500
Administrative expenses	*24*	**889,335**	1,048,857
		1,489,679	2,087,907

9. EQUITY-ACCOUNTED INVESTEES

	31 December 2021	31 December 2020
Investment in Kasual + limited liability company ('formerly 2 in 1 Restaurants Company Limited') (note 9.1)	**--**	--
Alamar Foods for Restaurants management (note 9.2)	**12,746**	12,746
Alamar Foods Company LLC – Oman (note 9.3)	**2,003,105**	--
	2,015,851	12,746

9.1 On 16 August 2017, the Group acquired 50% equity interest in Kasual+ Limited Liability Company (formerly "2 in 1 Restaurants Company Limited") a Company incorporated in the Kingdom of the Saudi Arabia. On 8 November 2021 both the existing shareholders of investee have agreed to dilute equity interest of 5% each from their existing ownership in favor of a new shareholder. Change in ownership interest has not resulted in material gain/losses in these consolidated financial statements. The investee continued to be considered as joint venture since existing shareholders will be directing its activities unanimously subsequent to changes in shareholding structure. The principal activities of the equity accounted investee include establishing, managing, and operating restaurants and cafes and supply of cooked and uncooked food. The Group's investment in Kasual+ Limited Liability Company was written off due to the losses incurred and consequently the investment is considered impaired. The investment is accounted for using the equity method in these consolidated financial statements.

(Amount in Saudi Riyals)

9. EQUITY-ACCOUNTED INVESTEES (CONTINUED)

9.1.2 During the year, the Group has recognized additional losses by a provision amounting to SR 0.4 million (2020: SAR 0.5 million) in excess of the original carrying amount of its investment in joint venture since the Group has a legal and constructive obligation to record additional losses in proportion of its ownership percentage in accordance with terms of the agreement. This amount is included as a provision within other current liabilities.

9.2 The Group acquired 40% share in Alamar Foods for Restaurants Management ('associate'), Kuwait on 7 February 2019. The entity is one of Group's strategic investment and its principal activities include establishing, managing and operating Domino's Pizza outlets. The entity is not operational as of 31 December 2021.

9.3 The Group has a 30% investment in Alamar Foods Company LLC – Oman ('associate'). The current carrying value of investment is SR 2.1 million (2020: nil). The Group has recognized reversal of SR 1.5 million of impairment which was recognized in prior years considering the losses of investee. The principal activities of investee to establish and operate food service businesses and manufacture pizza.

Summarized financial information in respect of the equity accounted investees is set out below. The summarized financial information below represents amounts shown in their financial statements prepared in accordance with IFRSs.

	Kasual + limited liability company- KSA		**Alamar Foods Company LLC – Oman**	
Balance sheet	**31 December 2021**	31 December 2020	**31 December 2021**	31 December 2020
Other current assets	**851,389**	684,193	**4,712,601**	2,857,218
Cash and cash equivalents	**178,498**	881,467	**1,637,643**	2,370,518
Non-current assets	**15,337,529**	17,199,565	**10,520,348**	11,018,695
Current liabilities	**(4,092,154)**	(4,889,320)	**(7,966,058)**	(9,956,006)
Non-current liabilities	**(7,563,833)**	(8,337,466)	**(2,227,518)**	(1,155,059)
Net assets / (liabilities)	**4,711,428**	5,538,439	**6,677,016**	5,135,366
Current liabilities excluding trade and other payables and provisions	**(3,202,156)**	(3,696,878)	**(1,533,472)**	(6,670,585)
Proportion of the Group's ownership interest in the joint venture	**45%**	50%	**30%**	30%
Income statement	**31 December 2021**	31 December 2020	**31 December 2021**	31 December 2020
Revenue	**8,522,669**	5,716,297	**51,823,221**	41,128,545
Depreciation and amortization expense	**1,276,193**	1,259,150	**(2,334,022)**	(2,297,742)
Interest expense on lease liabilities	**278,194**	302,745	**(165,258)**	(145,455)
Zakat and income tax expense	**--**	--	**(762,763)**	(656,284)
Profit / (loss) for the year	**(827,011)**	(1,632,335)	**4,000,371**	3,054,150
Other comprehensive loss for the year	**-**	-	**-**	-
Total comprehensive (loss) / income for the year	**(827,011)**	(1,632,335)	**4,000,371**	3,054,150
Share of (loss) / profit	**(403,821)**	(816,167)	**1,200,112**	--
Dividend received	**--**	--	**730,125**	--

(Amount in Saudi Riyals)

9. EQUITY-ACCOUNTED INVESTEES (CONTINUED)

Share of profits (losses) from equity accounted investee comprise of the following:

	Kasual + limited liability company- KSA		**Alamar Foods Company LLC – Oman**		**Total**	
	31 December 2021	31 December 2020	**31 December 2021**	31 December 2020	**31 December 2021**	31 December 2020
Impairment (loss) / reversal on investment	--	(6,617,141)	**1,532,944**	--	**1,532,944**	(6,617,141)
Share of (losses) / profit of equity-accounted investee	**(403,821)**	(816,167)	**1,200,112**	--	**796,291**	(816,167)
	(403,821)	(7,433,308)	**2,733,056**	--	**2,329,235**	(7,433,308)

10. ZAKAT AND TAXATION

	31 December 2021	31 December 2020
Zakat and income tax payable *(refer note 10.1)*	**8,885,820**	7,996,023
Deferred tax assets *(refer note 10.2)*	**3,652,008**	2,840,143
Deferred tax liabilities *(refer note 10.2)*	**1,622,220**	1,444,257

10.1 Zakat and income tax

Zakat and income tax expense presented in consolidated statement of profit or loss and other comprehensive income consists of the following:

	31 December 2021	31 December 2020
Zakat and income tax charge	**13,695,289**	7,255,872
Deferred tax credit	**(633,902)**	(1,678,251)
	13,061,387	5,577,621

	Zakat	**Income tax**	**31 December 2021**
Opening balance	**5,239,659**	**2,756,364**	**7,996,023**
Charge for the year	**6,036,562**	**7,229,265**	**13,265,827**
Charge for the prior year	**78,165**	**351,297**	**429,462**
Payments during the year	**(5,317,824)**	**(7,487,668)**	**(12,805,492)**
Closing balance	**6,036,562**	**2,849,258**	**8,885,820**

	Zakat	Income tax	31 December 2020
Opening balance	5,075,972	246,546	5,322,518
Charge for the year	3,008,005	3,425,495	6,433,500
Charge for the prior year	822,372	--	822,372
Payments during the year	(3,666,690)	(915,677)	(4,582,367)
Closing balance	5,239,659	2,756,364	7,996,023

10.2 Deferred tax

The movement in the net deferred tax assets account during the year was as follow:

	31 December 2021	31 December 2020
Opening balance	**2,840,143**	881,181
Acquired through business combination	**--**	110,155
Credited to profit or loss (refer i)	**811,865**	1,848,807
	3,652,008	2,840,143

(Amount in Saudi Riyals)

10. ZAKAT AND TAXATION(CONTINUED)

10.2 Deferred tax(continued)

(i) The income tax expense presented in the statement of profit or loss of the following:

	2021	2020
Deferred tax asset		
Origination of temporary differences	**811,865**	1,848,807

Deferred tax assets comprise of below:

	31 December 2021	31 December 2020
Property, plant and equipment	**2,203,566**	2,012,268
Employee benefits	**1,020,582**	824,754
Impairment loss allowance	**427,860**	1,687
Provision for obsolete inventory	**--**	1,434
	3,652,008	2,840,143

The movement in the net deferred tax liability account during the year was as follows:

	31 December 2021	31 December 2020
Opening balance	**1,444,257**	--
Acquired through business combination	**--**	1,273,701
Charged to profit or loss (refer ii)	**177,963**	170,556
	1,622,220	1,444,257

(ii) The deferred tax expense presented in the statement of profit or loss of the following:

	2021	2020
Deferred tax liabilities		
Reversal of temporary differences	**177,963**	170,556

Deferred tax liabilities comprises of below:

	31 December 2021	31 December 2020
Property and equipment	**1,622,220**	1,444,257
	1,622,220	1,444,257

Status of assessments of zakat and income tax
Zakat and income tax declaration up to and including the year ended 31 December 2020 have been submitted to the Zakat, Tax and Customs Authority (‘ZATCA’).

During 2020, ZATCA had raised an assessment for the year ended 31 December 2018, amounting to SR 4.4 million initially, which is subsequently reduced to SR 2.1 million based on partial acceptance of appeal of the Company. The Company has filed appeal in respect of revised assessment to the high appeal committee which is still under review. The tax advisor of the Company expects that the appeal will be decided in favor of the Company.

During 2021, ZATCA has raised an initial assessment for the year ended 31 December 2016 and 31 December 2017, amounting to SR 2.6 million and SR 5.9 respectively, which is subsequently reduced to SR 0.076 million and SR 2.1 million based on responses submitted by the Company. The Company has paid SR 2.1 million and SR 0.076 million during the year in respect of assessment for 2017 and 2016. The management of the Company considers the amounts held to be sufficient for zakat and income tax liabilities as at 31 December 2021.

All subsidiaries are filing zakat and income tax returns regularly as per their country laws and there is no open assessment differences that requires any additional provisions.

Relationship between tax expense / (income) and accounting profit
The Group is not subject to material permanent disallowances in respect of tax charge for the current and prior year, therefore relationship between income tax expense and accounting profit has not been presented for current and prior year.

(Amount in Saudi Riyals)

11. INVENTORIES

	31 December 2021	31 December 2020
Raw materials	**44,856,610**	28,626,150
Consumables and packaging material	**5,896,089**	4,609,699
Goods in transit	**54,728**	616,398
Provision for slow moving items	**--**	(38,579)
	50,807,427	33,813,668

Movement in the provision for slow moving items for the year is as follows:

	31 December 2021	31 December 2020
Balance at beginning of the year	**38,623**	--
Charge during the year	**236,860**	893,368
Write off during the year	**(275,483)**	(854,789)
Balance at end of the year	**--**	38,579

12. TRADE AND OTHER RECEIVABLES

	31 December 2021	31 December 2020
Trade receivables	**17,528,400**	16,930,586
Less: allowance for doubtful trade receivables	**(4,227,561)**	(5,179,861)
Net receivables	**13,300,839**	11,750,725
Prepaid expenses	**24,020,284**	23,022,237
Advances to suppliers	**15,354,487**	14,250,279
Advances to employees	**3,542,832**	3,856,654
Other receivables	**17,647,052**	11,973,247
Less: allowance for doubtful other receivables	**(2,702,135)**	--
	71,163,359	64,853,142

Movement in the provision for trade and other receivables for the year is as follows:

	31 December 2021	31 December 2020
Balance at beginning of the year	**5,179,861**	--
Acquisitions through business combination	**--**	5,143,799
Charge during the year	**2,712,050**	35,572
Exchange rates movements	**--**	490
Written off during the year	**(962,215)**	--
Balance at end of the period	**6,929,696**	5,179,861

(Amount in Saudi Riyals)

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ("ECL"). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, for example when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the allowances for doubtful debts based on past due status is not further distinguished between the Group's different customer types.

	Trade receivables – Days past due					
31 December 2021	**Not past due**	**<30**	**31-60**	**61-90**	**>90**	**Total**
Expected credit loss rate %	0.5%	0.7%	-	-	97%	24%
Gross carrying amount	**11,072,516**	**1,696,381**	**182,439**	**286,944**	**4,290,125**	**17,528,400**
Lifetime ECL	**55,041**	**12,852**	**-**	**-**	**4,159,668**	**4,227,561**

	Trade receivables – Days past due					
31 December 2020	**Not past due**	**<30**	**31-60**	**61-90**	**>90**	**Total**
Expected credit loss rate %	--	--	--	--	83%	31%
Gross carrying amount	10,203,220	396,194	31,697	83,033	6,216,442	16,930,586
Lifetime ECL	-	-	-	-	5,179,861	5,179,861

13. RELATED PARTIES INFORMATION

The Group's immediate and ultimate controlling party is AbdulAziz Ibrahim AlJammaz and Brothers Company, which is incorporated in the Kingdom of Saudi Arabia. The related party transactions were made on terms agreed at group level. During the year, the Group entered into the following transactions with related parties:

(Amount in Saudi Riyals)

13. RELATED PARTIES INFORMATION (CONTINUED)

	31 December 2021	31 December 2020
Transactions with shareholders		
Contribution from shareholders	**10,436,210**	4,574,727
Treasury shares acquired	**3,000,000**	--
IPO costs charged to shareholders*	**10,011,343**	--
Transactions with associate / joint venture investment		
Dividends	**730,125**	--
Expenses	**3,573,763**	133,322
Sale of goods	**40,385**	--
Other charges	**24,204**	72,289
Waiver of receivable	**--**	5,371,973
Transactions with entities under common control		
Expenses	**2,046,147**	1,650,472
Other charges	**117,513**	1,023
Purchases	**--**	57,751

The following balances were outstanding with related parties at the reporting date:

	Nature of relationship	**31 December 2021**	31 December 2020
Due from related parties			
AbdulAziz Ibrahim AlJammaz and Brothers Company	Parent Company	**6,673,886**	4,243,136
Alamar Foods Company LLC, Oman	Associate company	**424,872**	2,755,943
Kasual + limited liability company	Joint venture	**14,073**	7,414
Alamar Foods For Restaurants Management WLL	Associate company	**12,552**	6,239
Yasmine Flower	Shareholder of subsidiary	**1,200,303**	1,200,068
AlJammaz Establishment	Company under common control	**235**	52,760
Meadow Holdings (Cayman) Limited*	Shareholder	**10,332,171**	989,138
Meadow Saudi Arabia Company*	Shareholder	**6,520,328**	1,357,122
		25,178,420	10,611,820

	Nature of relationship	**31 December 2021**	31 December 2020
Due to related parties			
AlJammaz Agriculture	Company under common control	**-**	53,706
Hakam El Abbes	Shareholder of subsidiary	**2,484,380**	2,456,818
Sovana Inc. USA	Others	**5,023**	92,219
		2,489,403	2,602,743

The amounts outstanding with related parties are unsecured and will be settled in cash. The payables by related parties are payable on demand and accordingly impact of expected credit losses is not considered material as the counter parties have sufficient liquid assets available at reporting date to repay the amounts.

Compensation due to key management personnel during the period is as follows:

	31 December 2021	31 December 2020
Short-term benefits	**13,397,957**	11,607,977
Post-employment benefits	**766,987**	2,388,821

*During the year, the Company incurred IPO costs on behalf of selling shareholders amounted to SR 10 million. This amount represents the IPO cost which was agreed to be reimbursed by the selling shareholders upon successful completion of listing process.

(Amount in Saudi Riyals)

14. CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
Cash on hand	**3,318,261**	10,851,216
Cash at bank	**190,998,998**	121,004,391
Cash and cash equivalents - gross	**194,317,259**	131,855,607
Impairment loss (note 14.1)	**(3,750,000)**	(3,750,000)
Cash and cash equivalents – net	**190,567,259**	128,105,607

14.1 The Group has recorded an impairment loss in Lebanon against restricted USD cash at banks balance amounting to SAR 3.75 million.

15. SHARE CAPITAL

15.1 Issued and fully paid capital

	31 December 2021	31 December 2020
25,500,000 shares of SR10 each	**255,000,000**	5,000,000

On 27 May 2021 (corresponding to 15 Shawwal 1442H), the Board of Directors resolved to increase the Company’s share capital from SR 5,000,000 to SR 252,000,000 which was approved by the shareholders in an extraordinary general assembly meeting on 16 June 2021, (corresponding to 06 Dhul Qadah 1442H). The increase was achieved through transfer from “Capital contribution” account and “Retained Earnings” by a total amount of SR 247,000,000. On 18 July 2021 (corresponding to 8 Dhul Hijjah 1442H), the legal formalities of the capital increase were completed and updated Commercial Registration was issued, at which point the company’s share capital account increased to SR 252,000,000.

Further, on 8 September 2021 (corresponding to 1 Safar 1443H), the Board of Directors resolved to increase the Company’s share capital from SR 252,000,000 to SR 255,000,000 which was approved by the shareholders in an extraordinary general assembly meeting on 28 October 2021 (corresponding to 29 Rabi Awwal 1443H). The second increase in share capital was achieved through transfer from “Retained Earnings” by a total amount of SR 3,000,000. On 7 December 2021 (corresponding to 3 Jumada Al Awal 1443H), the legal formalities were completed and updated Commercial Registration was issued, at which point the company’s share capital account increased to SR 255,000,000.

15.2 Treasury shares

Following a resolution of the Board of Directors on 8 September 2021 (corresponding to 1 Safar 1443H), the shareholders in an extraordinary general assembly meeting on 28 October 2021 (corresponding to 29 Rabi Awwal 1443H) approved the purchase of 300,000 shares of the company at rate of SR 10 per share (par value) for allocation in the employee share option scheme. This purchase was achieved through transfer to “Treasury Shares” account by a total amount of SR 3,000,000 with corresponding credit to shareholder’s account i.e., “Due from related parties” in accordance with confirmation received from shareholders.

The following is the number of shares outstanding as at 31 December 2021:

The number of shares outstanding as at 1 January 2021	500,000
The number of shares issued during the year	25,000,000
The number of shares purchased during the year	(300,000)
The number of shares outstanding as at 31 December 2021	**25,200,000**

(Amount in Saudi Riyals)

15. SHARE CAPITAL (CONTINUED)

15.2 Treasury shares (continued)

The following is the number of treasury shares as at 31 December 2021:

The number of shares outstanding as at 1 January 2021	--
The number of shares purchased during the year	300,000
The number of shares outstanding as at 31 December 2021	**300,000**

16. STATUTORY RESERVE

In accordance with the Company's and Subsidiaries By-laws and the Saudi Arabian Regulations for Companies, the Company set aside 10% of its net income each year as statutory reserve until such reserve equals to 30% of the share capital. This reserve is not available for dividend distribution. During the year, SR 11.7 million are transferred to the account.

17. CAPITAL CONTRIBUITION

These funds were provided by the shareholders to be used for any capital increase in the future. These accounts were non-interest bearing. During 2021, the entire amount of capital contribution was converted to share capital. The details of shareholders' contribution accounts are as follows:

	Shareholding %	**31 December 2021**	31 December 2020
Abdul Aziz Ibrahim AlJammaz and Brothers Company	**57.80**	--	87,439,451
Meadow Saudi Arabia Company	**18.49**	--	27,966,587
Meadow Holding (Cayman) Limited	**23.71**	--	35,862,821
		--	151,268,859

18. LEASE LIABILITIES

	31 December 2021	31 December 2020
Non-Current liabilities		
Lease liabilities	**149,110,367**	137,486,754
Current liabilities		
Current portion of lease liabilities	**77,924,885**	64,470,722

The Group leased certain of its vehicles and its stores. The average lease term is 5 years (2020: 5 years).

	31 December 2021	31 December 2020
Minimum lease payments		
Not later than one year	**94,769,504**	73,147,712
Later than one year and not later than five years	**145,157,334**	151,940,378
More than five years	**18,080,667**	4,518,162
	258,007,505	229,606,252
Less: future finance charges	**(30,972,253)**	(27,648,776)
Present value of minimum lease payments	**227,035,252**	201,957,476
Present value of minimum lease payments		
Not later than one year	**77,924,885**	64,470,722
Later than one year but not later than five years	**140,667,144**	136,403,264
More than five years	**8,443,223**	1,083,490
	227,035,252	201,957,476

(Amount in Saudi Riyals)

18. LEASE LIABILITIES (CONTINUED)

Movement in lease liabilities during the year is as follows:

	31 December 2021	31 December 2020
Balance on 1 January	**201,957,476**	137,210,624
Acquisition through business combination	**--**	75,186,476
Additions	**97,559,763**	36,270,998
Finance cost	**11,500,339**	12,767,909
Disposals	**(6,962,607)**	(967,460)
Payment made during the year	**(77,019,719)**	(58,511,071)
Balance on 31 December	**227,035,252**	201,957,476

Extension options

Some of the leases held by the Group contain extension options exercisable by the Group before the end of non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at the commencement date whether it is reasonably certain to exercise extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

19. EMPLOYEE BENEFITS

	31 December 2021	31 December 2020
Non-current liability		
Defined benefit liability *(note 19.1)*	**25,559,199**	22,087,041
Others	**3,046,625**	--
	28,605,824	22,087,041
Current liabilities:		
Payroll and bonus	**8,403,904**	8,099,620
Accrued vacation	**7,191,163**	7,180,212
Accrued air ticket and iqama fee	**2,762,938**	2,140,944
Others	**1,192,189**	600,024
	19,550,194	18,020,800
	48,156,018	40,107,841

19.1 Defined benefit liability

The Group is committed to the following un-funded post-employment defined benefit plans:

In Kingdom of Saudi Arabia, the plan entitles an employee who completed over two but less than five years of service, to receive a payment equal to one-third of their last month half salary for each completed year of service. Similarly, an employee who completed up to five years to receive a payment equal to 50% of their last monthly salary for each completed year of service and over five but less than ten years of service, to receive a payment equal to two-thirds of their last monthly salary for each completed year of service. Further, an employee who completed over ten years of service, to receive a payment equal to their last monthly salary for each completed year of service.

In Qatar, the plan entitles an employee whose service is less than five years of service, to receive a payment equal to three weeks of salary for each completed year of service. Similarly, an employee who completed over five but less than ten years of service, to receive a payment equal to three weeks of salary for first five years of service and four weeks of salary for each completed after five years. Similarly, an employee who completed over ten but less than twenty years of service, to receive a payment equal to three weeks of salary for first five years of service, four weeks of salary for each completed next five years and five weeks of salary for each completed after ten years. Further, an employee who completed over twenty years of service, to receive a payment equal to three weeks of salary for first five years of service, four weeks of salary for each completed next five years, five weeks of salary for next ten years and five weeks of salary for each completed after twenty years.

(Amount in Saudi Riyals)

19. EMPLOYEE BENEFITS (CONTINUED)

19.1 Defined benefit liability (continued)

In United Arab Emirates, the plan entitles an employee whose service is less than five years of service, to receive a payment equal to twenty-one days of basic salary for each completed year of service. Similarly, an employee who completed over five years of service, to receive a payment equal to twenty-one days of basic salary for first five years of service and thirty days of basic salary for each year of service thereafter subject to a maximum of two year's salary.

In the Kingdom of Bahrain, the plan entitles an employee whose service is less than three years of service, to receive a payment equal to one-half of their final monthly salary for each completed year of service. Similarly, an employee who completed over three years of service, to receive a payment equal to one-half of their final monthly salary for first three years of service and full month salary for each year of service thereafter.

Defined benefit liability	**31 December 2021**	31 December 2020
Balance at the beginning of the year	**22,087,041**	16,718,000
Acquisitions through business combination	**--**	2,218,900
Current service cost	**5,014,313**	4,616,221
Interest cost	**225,958**	415,839
	5,240,271	5,032,060
Paid during the year	**(4,174,009)**	(2,906,878)
Actuarial loss arising from		
- Demographic assumptions	**(142,035)**	--
- Financial assumptions	**1,696,985**	(160,225)
- Experience adjustments	**1,258,556**	1,185,184
	2,813,506	1,024,959
Exchange rate movements	**(407,610)**	--
Balance at the end of the year	**25,559,199**	22,087,041

The most recent actuarial valuation was performed by an independent, qualified actuary using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuation were as follows:

	31 December 2021	31 December 2020
Average discount rate	**1.81%**	2.05%
Average rate of salary increases	**2.75%**	2.24%

All movements in the employee defined benefit liabilities are recognized in profit or loss except for the actuarial loss which is recognized in other comprehensive income.

Sensitivity analysis
The sensitivity analyses presented below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. A positive amount represents an increase in the liability whilst a negative amount represents a decrease in the liability.

	31 December 2021	31 December 2020
Increase in discount rate of 1%	**(1,242,976)**	(1,243,387)
Decrease in discount rate of 1%	**2,650,052**	1,454,541
Increase in rate of salary increase of 1%	**140,364**	1,542,737
Decrease in rate of salary increase of 1%	**(2,832,148)**	(1,347,677)

(Amount in Saudi Riyals)

20. TRADE AND OTHER PAYABLES

	31 December 2021	31 December 2020
Non-Current liabilities		
Other long-term liabilities (note 20.1)	**5,693,181**	7,058,239
Current liabilities		
Trade payables	**56,876,508**	65,418,615
Accrued expenses	**30,760,746**	25,785,950
Deferred revenue (note 20.2)	**15,067,514**	17,505,796
Other payables	**8,124,564**	10,721,148
	110,829,332	119,431,509

20.1 No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

20.2 Deferred revenue includes the amount received from supplier as signing bonus amounting to USD 7 million (SR 25.7 million) during 2018 which is being amortized based on the quantity procured in accordance with terms of the contract.

21. REVENUE

Revenue streams

The Group generates revenue primarily from the sale of food and beverages:

	31 December 2021	31 December 2020
Sale of products from Domino's Pizza outlets	**788,422,911**	644,157,525
Sale of products from Dunkin Donuts outlets	**63,173,511**	35,819,464
Supply center sales	**16,539,583**	15,471,086
	868,136,005	695,448,075

Disaggregation of revenue

In the following table, revenue from contracts with customers is disaggregated by primary geographical market and timing of revenue recognition.

	31 December 2021	31 December 2020
Primary geographical markets		
Kingdom of Saudi Arabia	**584,283,949**	483,910,710
Other GCC and Levant	**178,641,060**	146,241,199
North Africa	**105,210,996**	65,296,166
Net revenue reported in note 34	**868,136,005**	695,448,075
Timing of revenue recognition		
Products transferred at a point in time	**868,136,005**	695,448,075

(Amount in Saudi Riyals)

22. COST OF SALES

	31 December 2021	31 December 2020
Direct materials	**219,281,133**	175,615,137
Provision for slow moving inventory (note 11)	**236,860**	893,368
Employee benefits	**132,161,653**	115,074,933
Depreciation:		
- Right of use assets (note 7)	**56,940,124**	55,404,914
- Property plant and equipment (note 6)	**29,929,143**	28,813,666
Royalties	**38,070,846**	26,970,723
Utilities	**25,064,845**	26,566,066
Maintenance	**6,168,596**	--
Rent expense	**10,041,573**	11,930,706
Cleaning material	**10,592,979**	9,131,094
Amortization of intangibles (note 8)	**587,844**	1,026,550
Other expenses	**31,960,710**	13,271,461
	561,036,306	464,698,618

23. SELLING AND DISTRIBUTION EXPENSES

	31 December 2021	31 December 2020
Advertising	**47,914,901**	31,902,049
Commission expenses	**13,921,673**	12,012,451
Salaries and other benefits	**8,061,842**	7,577,698
Delivery	**5,179,215**	4,658,954
Storage expenses	**3,093,252**	1,641,036
Depreciation:		
- Right of use assets (note 7)	**4,933,297**	4,400,051
- Property plant and equipment (note 6)	**78,187**	78,682
Amortization of intangibles (note 8)	**12,500**	12,500
Rent expense	**595,164**	598,411
Other expenses	**793,290**	1,066,534
	84,583,321	63,948,366

24. ADMINISTRATIVE EXPENSES

	31 December 2021	31 December 2020
Salaries and other benefits	**66,591,592**	59,990,371
Legal and professional fees	**7,943,531**	9,047,343
Depreciation:		
- Right of use assets (note 7)	**3,356,352**	4,558,001
- Property plant and equipment (note 6)	**1,988,563**	2,452,276
Amortization of intangibles (note 8)	**889,335**	1,048,857
Rent expense	**395,618**	392,638
Travelling expenses	**2,300,918**	1,678,402
Utilities	**2,229,895**	2,727,134
Maintenance	**1,128,639**	1,015,568
Other expenses	**9,110,611**	10,281,055
	95,935,054	93,191,645

(Amount in Saudi Riyals)

25. OTHER INCOME

	31 December 2021	31 December 2020
Royalty and advertising	**17,009,003**	10,077,185
Rent concession	**838,178**	6,415,313
Development and store opening	**948,653**	534,589
Gain / (loss) on disposal of property, plant and equipment	**167,957**	(2,431,787)
Loss on disposal of intangibles	**--**	(702,474)
Others	**223,912**	(1,825,327)
	19,187,703	12,067,499

26. FINANCE COSTS AND BANK CHARGES

	31 December 2021	31 December 2020
Finance and bank charges	**4,537,731**	2,089,543
Finance charges on lease liabilities	**11,500,339**	12,767,909
	16,038,070	14,857,452

No finance charges were capitalized during the period.

27. LOAN AND BORROWINGS

The Group has secured bank facilities and loans in the form of multi-purpose import facility, letters of credit, bonds, short-term finance, and loans from local commercial banks. These facilities bear finance charges at ranging between 3% - 6%. These facilities and loans are secured against personal and corporate guarantees.

	31 December 2021	31 December 2020
Non-Current liabilities		
Loan and borrowings	**3,183,167**	2,864,273
Current liabilities		
Current portion of loan and borrowings	**1,646,857**	1,148,361

Movement in loans and borrowings during the year is as follows:

	31 December 2021	31 December 2020
Balance on 1 January	**4,012,634**	--
Acquisition through business combination	**--**	1,840,719
Additions	**32,773,675**	24,328,296
Finance cost	**150,925**	95,138
Exchange rate movements	**(184,252)**	(33,844)
Payment made during the year	**(31,922,928)**	(22,217,675)
Balance on 31 December	**4,830,054**	4,012,634

28. CAPITAL COMMITMENTS AND CONTINGENCIES

Capital commitments:
The Group had capital commitments of SR 10.1 million at the reporting date relating to property and equipment (31 December 2020: SR 5.9 million).

As at 31 December 2021, the Group has utilized balances of irrevocable letter of guarantees from local commercial bank amounting to SR 5.8 million (31 December 2020: SR 5.8 million).

Contingencies:
There were no contingencies as at 31 December 2021 except as disclosed in note 10 to the consolidated financial statements.

No material contingencies and commitments relates to equity accounted investees.

(Amount in Saudi Riyals)

29. FINANCIAL INSTRUMENTS

Capital management

The Group manages its capital to ensure it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the equity balance. The Group's overall strategy remains unchanged from the previous year.

The capital structure of the Group consists of equity comprising share capital, treasury shares, statutory reserve, additional contribution to capital and retained earnings.

Categories of financial instruments

	31 December 2021	31 December 2020
Financial assets		
Amortized cost		
Cash and cash equivalents	**190,567,259**	128,105,607
Trade and other receivables	**28,245,756**	11,750,725
Due from related parties	**25,178,420**	10,611,820
Financial liabilities		
Amortized cost		
Trade and other payables	**95,761,818**	83,031,479
Loan and borrowings	**4,830,054**	4,012,634
Lease liabilities	**227,035,252**	201,957,476
Employees payable	**19,550,194**	18,020,800
Due to related parties	**2,489,403**	2,602,743

Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks which mainly include market risk, credit risk and liquidity risk. The Board of Directors of the Group has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instruments may fluctuate as a result of changes in market prices. Market risk comprises three types of risks: currency risk, yield / interest rate risk and other price risk. The Group was exposed to market risk, in the form of interest rate risk as described below, during the year under review. There were no changes in these circumstances from the previous year.

Foreign currency risk management

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk can only arise on financial instruments that are denominated in a currency other than the functional currency in which they are measured. Translation-related risks are therefore not included in the assessment of the entity's exposure to currency risks.

The Group is exposed to currency risks through its operations of selling, purchasing and lending which are done in currencies other than the functional currency which is SAR. Main currencies that the Group may face risks because of dealing with are the AED, EUR, USD, GBP, MAD, QAR, LBP, EGY, JOR and BHD.

(Amount in Saudi Riyals)

29. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency risk management (continued)

The Group didn’t engage in any hedging activities to mitigate the currency fluctuation risk, which are as per the following according to par value:

As of 31 December 2021, *In SR*	AED	EURO	USD	GBP	MAD	QAR	LBP	EGY	JOR	BHD	TOTAL
Cash and bank balances	7,643,542	87,843	7,175,208	4,665	486,971	1,085,317	1,020,667	6,921,920	437,740	2,831,547	27,695,420
Trade and other receivables	11,099,823	555,364	4,000,595	306,021	4,469,230	840,537	4,758	9,101,567	695,453	705,978	31,779,326
Due from related parties	1,648,325	--	--	--	--	--	--	--	--	--	1,648,325
Trade payables and other payables	(33,278,167)	(89,459)	(11,408,405)	(10,420)	(5,331,219)	(1,767,678)	(526,055)	(15,686,396)	(949,140)	(1,377,387)	(70,424,326)
Loan and borrowings	--	--	--	--	(4,830,054)	--	--	--	--	--	(4,830,054)
Total	(12,886,477)	553,748	(232,602)	300,266	(5,205,072)	158,176	499,370	337,091	184,053	2,160,138	(14,131,309)

As of 31 December 2020, *In SR*	AED	EURO	USD	GBP	MAD	QAR	LBP	EGY	JOR	BHD	TOTAL
Cash and bank balances	2,745,772	31,126	11,807,202	4,326	2,021,586	1,709,782	13,704,599	4,178,772	648,566	4,142,100	40,993,831
Trade and other receivables	9,069,545	831,580	5,280,697	--	2,454,730	801,398	654,225	6,491,679	624,594	783,288	26,991,736
Due from related parties	1,200,068	--	2,769,596	--	--	--	--	--	--	--	3,969,664
Trade payables and other payables	(31,151,759)	(113,272)	(21,730,755)	--	(4,194,511)	(2,188,122)	(1,702,576)	(12,481,989)	(466,071)	(1,681,280)	(75,710,335)
Loan and borrowings	--	--	(92,219)		(2,456,818)						(2,549,037)
Total	(18,136,374)	749,434	(1,965,479)	4,326	(2,175,013)	323,058	12,656,248	(1,811,538)	807,089	3,244,108	(6,304,141)

(Amount in Saudi Riyals)

29. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency risk management (continued)
The increase in the exchange rate of SAR by 10% against AED, EUR, USD, GBP, MAD, QAR, LBP, EGY, JOR and BHD will lead to (decrease)/increase in the profit or loss as follows:

	31 December 2021	31 December 2020
AED	**(1,296,408)**	(1,813,637)
EUR	**(5,365)**	74,943
USD	**404,166**	(196,548)
GBP	**(1,042)**	433
MAD	**(520,507)**	--
QAT	**15,818**	32,306
LBP	**49,937**	1,265,625
EGY	**33,709**	(181,154)
JOD	**18,405**	80,709
BHD	**216,014**	324,411
	(1,085,273)	(412,912)

The decrease in the exchange rate of SAR by 10% against AED, EUR, USD and GBP will lead to (decrease)/increase in the profit or in the same amount mentioned above.

The following significant exchange rates have been applied

	2021	2020
AED	**1.0211**	1.0211
EUR	**4.25**	4.2875
USD	**3.75**	3.7525
GBP	**5.06**	5.0327
MAD	**0.4125**	0.4164
QAT	**1.0302**	1.0302
LBP	**0.00013**	0.0025
EGY	**0.2390**	0.2332
JOD	**5.2891**	5.2891
BHD	**9.9734**	9.9734

Interest rate and liquidity risks management
Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group’s short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. There were no changes in these circumstances from the previous year.

The Group did not have any significant exposure to movements in interest rates at the current or prior reporting date. Consequently, no interest rate sensitivity analysis has been presented.

(Amount in Saudi Riyals)

29. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate and liquidity risks management (continued)

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows:

31 December 2021 **Details**	**Interest Rate %**	**Within one year SR**	**One year to five years SR**	**Over five years SR**	**Total SR**
Trade and other payables	Interest free	**95,761,818**	--	-	**95,761,818**
Due to related parties	Interest free	**2,489,403**	-	-	**2,489,403**
Employee benefits	Interest free	**19,550,194**	--	-	**19,550,194**
Loans and borrowings	3-6%	**1,646,887**	**3,183,167**	-	**4,830,054**
Lease liabilities	3-4%	**94,769,504**	**145,157,334**	**18,080,667**	**258,007,505**
		214,217,806	**148,340,501**	**18,080,667**	**380,638,974**

31 December 2020 Details	Interest Rate %	Within one year SR	One year to five years SR	Over five years SR	Total SR
Trade and other payables	Interest free	101,925,713	--	--	101,925,713
Due to related parties	Interest free	2,602,743	--	--	2,602,743
Loans and borrowings	3-6%	1,148,361	2,864,273	--	4,012,634
Employee benefits	Interest free	18,020,800	--	--	18,020,800
Lease liabilities	3-4%	73,147,712	151,940,378	4,518,162	229,606,252
		196,845,329	154,804,651	4,518,162	356,168,142

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at reporting date, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties, arises from the carrying amount of the respective recognized financial assets as stated in the consolidated statement of financial position. The Group performs credit-vetting procedures which are reviewed and updated on an ongoing basis before granting credit to its customers. Note 12 and 13 details the Group's maximum exposure to credit risk for financial assets that are not cash and cash equivalents.

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade receivable on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the directors of the Group consider that if the Group's credit risk is significantly reduced.

The Group is primarily engaged in cash business and trade receivables mainly consists receivables on account of sub franchise fees and receivable aggregators. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

(Amount in Saudi Riyals)

30. FAIR VALUE OF THE FINANCIAL INSTRUMENTS

'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 Group has access at that date. The fair value of a liability reflects its non-performance risk. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement 'to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are traded in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from carrying values as the items are either short-term in nature or periodically reprised.

International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

Level 1 - Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2 - Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).

Level 3 - Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2021	*Carrying amount*	*Fair value*			*Total*
		Level 1	*Level 2*	*Level 3*	
Financial assets not measured at fair value					
Cash and cash equivalents	**190,567,259**	-	-	-	**190,567,259**
Trade receivables	**28,245,756**	-	-	-	**28,245,756**
Due from related parties	**25,178,420**	-	-	-	**25,178,420**
Total	**243,991,435**	-	-	-	**243,991,435**
Financial liabilities not measure at fair value					
Trade and other payables	**95,761,818**	-	-	-	**95,761,818**
Loan and borrowings	**4,830,054**	-	-	-	**4,830,054**
Lease liabilities	**227,035,252**	-	-	-	**227,035,252**
Employees payable	**19,550,194**	-	-	-	**19,550,194**
Due to related parties	**2,489,403**	-	-	-	**2,489,403**
Total	**349,666,721**	-	-	-	**349,666,721**

(Amount in Saudi Riyals)

30. FAIR VALUE OF THE FINANCIAL INSTRUMENTS (CONTINUED)

31 December 2020	*Carrying amount*	*Fair value*			*Total*
		Level 1	*Level 2*	*Level 3*	
Financial assets not measured at fair value					
Cash and cash equivalents	128,105,607	--	--	--	128,105,607
Trade receivables	11,750,725				11,750,725
Due from related parties	10,611,820	--	--	--	10,611,820
Total	150,468,152	--	--	--	150,468,152
Financial liabilities not measure at fair value					
Trade and other payables	83,031,479	--	--	--	83,031,479
Loan and borrowings	4,012,634	--	--	--	4,012,634
Lease liabilities	201,957,476	--	--	--	201,957,476
Employees payable	18,020,800	--	--	--	18,020,800
Due to related parties	2,602,743	--	--	--	2,602,743
Total	309,625,132	--	--	--	309,625,132

31. RETIREMENT BENEFIT INFORMATION

The Company makes contributions for a defined contribution retirement benefit plan to the General Organization for Social Insurance in respect of its Saudi employees. The total amount expensed during the period in respect of this plan was SR 3.54 million (31 December 2020: SR 2.02 million).

32. ACQUISITION OF SUBSIDIARIES

HEA Trade and Services Company

On 23 January 2020, the Group acquired 49% of the shares and voting interest in HEA Trade and Services Company – Morocco against a purchase consideration of SR 26.2 Million. The share purchase agreement entitles the acquirer to control the operating and financial policies of the subsidiary. The acquisition was expected to provide the Group with diversification of its investments and its presence in North Africa Region.

The assets and liabilities of HEA Trade and Services Company as at acquisition date are being consolidated by the Group. The net assets recognized in the 31 December 2020 consolidated financial statements were based on the provisional assessment. During the year, the Group has completed the process of allocating the purchase consideration to the identifiable assets and liabilities acquired. The assessment and allocation of purchase consideration has not resulted in a significant change in net assets of acquiree recognized in the consolidated financial statements of 31 December 2020. The final purchase price allocation was based on the independent valuation of identifiable net assets. During 2021, HEA Trade and Services Company contributed revenue of SR 28 million and loss of SR 2.6 to the Group's results. If the acquisition had occurred on 1 January 2020, management estimates that consolidated revenue and consolidated profit for the year would have been materially the same.

The Group has accounted for the transaction based on the fair values of the identifiable assets and liabilities as of the acquisition date which is summarized below:

(Amount in Saudi Riyals)

32. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition:

	Fair value recognized on acquisition January 2020 (Final)
Assets:	
Property, plant and equipment	**4,889,557**
Right of use assets	**18,488,679**
Intangible assets	**191,654**
Deferred tax assets	**110,155**
Inventories	**1,010,015**
Trade and other receivables	**3,349,703**
Cash and cash equivalents	**613,509**
	28,653,272
Lease liabilities	**(14,620,363)**
Deferred tax liabilities	**(97,201)**
Employee liabilities	**(574,081)**
Trade and other payables	**(2,385,292)**
Due to related parties	**(2,830,771)**
Loans and borrowings	**(1,890,914)**
	(22,398,622)
Total identifiable net assets acquired	**6,254,650**

33. GOODWILL

Goodwill represents goodwill arising from the acquisition of HEA Trade and Services Company - Morocco which has been recognized as follows:

	Fair value recognized on acquisition January 2020 (Final)	Initial fair value recognized on acquisition January 2020 (Provisional as of 31 December 2020)
Consideration transferred	**26,258,883**	26,258,883
NCI, based on their proportionate interest in the recognized amounts of the assets and liabilities	**3,189,871**	3,189,871
Identifiable net assets acquired	**(6,254,650)**	(6,254,650)
Goodwill	**23,194,104**	23,194,104
Foreign currency translation	**1,568,110**	1,799,875
Net goodwill reported in the statement of financial position	**24,762,215**	24,993,979

The goodwill is attributable mainly to future growth expected from acquisition of the business as well as the skills and talent of employees of the subsidiary and the synergies expected to be achieved from integrating the Company into Group's existing operations.

Consideration transferred include an amount of SR 2.6 Million which was transferred to the escrow account as indemnity against the claims in accordance with share purchase agreement and subsequently cleared in 2021.

Final goodwill is retranslated at rates prevailing at the reporting date and an impact of SR 1.6 Million for the period is recognized in foreign currency translation reserve.

34. REPORTING SEGMENTS

Basis of segmentation

The group has changed its segment reporting structure beginning year 2021. The Group has the following three strategic divisions, which are its reportable segments. These divisions offer products and services in different geographical regions and are managed separately.

Reportable segments	**Operations**
Kingdom of Saudi Arabia	Establishing, operating and managing of fast food restaurants
Other GCC and Levant	Establishing, operating and managing of fast food restaurants
North Africa	Establishing, operating and managing of fast food restaurants

The primary changes to reporting segment structure is as follows:

- Elimination of the Alamar Foods DMCC – UAE and Alamar Foods LLC – UAE, the results of which are now included in the Other GCC and Levant reporting segment.
- The reclassification of Alamar Foods LLC – Qatar, Alamar Foods Company LLC – Jordan, Alamar Foods Company W.L.L – Bahrain and Alamar Foods SARL – Lebanon from other reporting segment to Other GCC and Levant.
- The reclassification of Alamar Foods LLC – Egypt and HEA Trade and Services Company – Morocco from other reporting segment to North Africa.

The segment reporting changes reflect a corresponding change in how the Company's Board of Directors (its chief operating decision maker) reviews financial information in order to allocate resources and assess performance. The Group's Board of Directors reviews the internal management reports of each segment at least quarterly.

(Amount in Saudi Riyals)

34. REPORTING SEGMENTS (CONTINUED)

Information about reportable segments:

<u>2021</u>	Reporting Segments			Total reportable segments
	Kingdom of Saudi Arabia	Other GCC and Levant	North Africa	
External revenue	**584,282,721**	**178,639,071**	**105,214,213**	**868,136,005**
Internal revenue	**874,173**	**22,538,704**	**1,474,962**	**24,887,839**
Segment revenue	**585,156,894**	**201,177,775**	**106,689,175**	**893,023,844**
External revenue as reported in note 21	**584,282,721**	**178,639,071**	**105,214,213**	**868,136,005**
Major Products				
Domino's Pizza	**568,072,882**	**178,311,316**	**42,043,828**	**788,428,026**
Dunkin Donuts	**--**	**--**	**63,173,511**	**63,173,511**
Others	**17,084,012**	**22,866,459**	**1,471,836**	**41,422,307**
	585,156,894	**201,177,775**	**106,689,175**	**893,023,844**
Timing of revenue recognition				
Point in time	**585,156,894**	**201,177,775**	**106,689,175**	**893,023,844**
Segment profit before zakat and income tax	**110,021,048**	**11,986,845**	**248,315**	**122,256,208**
Interest expense	**(6,078,159)**	**(3,927,194)**	**(6,032,717)**	**(16,038,070)**
Depreciation:				
- Property, plant and equipment	**(18,790,047)**	**(7,859,545)**	**(5,346,301)**	**(31,995,893)**
- Right of use assets	**(37,539,906)**	**(15,586,447)**	**(12,103,420)**	**(65,229,773)**
Share of profits of equity-accounted investee	**(403,821)**	**1,200,112**	**-**	**796,291**
Segment non-current assets*	**190,459,402**	**192,149,220**	**92,136,265**	**474,744,887**
Segment assets	**550,492,765**	**270,705,536**	**127,354,639**	**948,552,940**
Segment liabilities	**218,073,571**	**219,074,848**	**104,264,764**	**541,413,183**

(Amount in Saudi Riyals)

34. REPORTING SEGMENTS(CONTINUED)

2020	Reporting Segments			Total reportable segments
	Kingdom of Saudi Arabia	Other GCC and Levant	North Africa	
External revenue	483,910,710	146,241,199	65,296,166	695,448,075
Internal revenue	2,062,755	12,719,562	2,840,317	17,622,634
Segment revenue	485,973,465	158,960,761	68,136,483	713,070,709
External revenue as reported in note 21	483,910,710	146,241,199	65,296,166	695,448,075
Major Products				
Domino's Pizza	468,872,816	144,775,820	30,508,888	644,157,524
Dunkin Donuts	--	--	35,819,464	35,819,464
Others	17,100,650	14,184,941	1,808,130	33,093,721
	485,973,466	158,960,761	68,136,482	713,070,709
Timing of revenue recognition				
Point in time	485,973,466	158,960,761	68,136,482	713,070,709
Segment profit (loss) before zakat and income tax	72,311,128	11,425,153	(5,790,516)	77,945,765
Interest expense	(6,108,779)	(3,274,170)	(5,474,503)	(14,857,452)
Depreciation:				
- Property, plant and equipment	(20,466,102)	(6,732,718)	(4,145,805)	(31,344,625)
- Right of use assets	(39,080,821)	(14,632,457)	(10,649,688)	(64,362,966)
Share of losses of equity-accounted investee	(816,167)	--	--	(816,167)
Impairment loss on investment in joint venture	(6,617,141)	--	--	(6,617,141)
Segment non-current assets*	196,962,224	171,589,274	71,329,871	439,881,369
Segment assets	447,123,489	240,651,362	96,767,189	784,542,040
Segment liabilities	216,935,729	194,026,630	72,878,356	483,840,715

*Non-current assets exclude financial instruments and deferred tax assets

(Amount in Saudi Riyals)

34 REPORTING SEGMENTS(CONTINUED)

Reconciliations of information on reportable segments to the amounts reported in the financial statements:

i. Revenue:

	2021	2020
Total revenue for reportable segments	**893,023,844**	713,070,709
Elimination of inter-segment revenue	**(24,887,839)**	(17,622,634)
Consolidated revenue	**868,136,005**	695,448,075

ii. Profit before tax:

	2021	2020
Total profit before tax for reportable segments	**122,256,208**	77,945,765
Unallocated corporate items	**8,213,416**	(16,445,152)
Consolidated profit before zakat and tax	**130,469,624**	61,500,613

iii. Assets:

	2021	2020
Total assets for reportable segments	**948,552,940**	784,542,040
Elimination of inter-segment balances	**(198,646,799)**	(172,938,908)
Consolidated total assets	**749,906,141**	611,603,132

iv. Liabilities:

	2021	2020
Total liabilities for reportable segments	**541,413,183**	483,840,715
Elimination of inter-segment balances	**(131,871,933)**	(99,229,993)
Consolidated total liabilities	**409,541,250**	384,610,722

v. Other material items:

2021	**Reportable segments total**	**Consolidated**
Interest expense	**(16,038,070)**	**(16,038,070)**
Depreciation:		
- Property, plant and equipment	**(31,995,893)**	**(31,995,893)**
- Right of use assets	**(65,229,773)**	**(65,229,773)**
Share of losses of equity-accounted investee	**796,291**	**796,291**

2020	Reportable segments total	Consolidated
Interest expense	(14,857,452)	(14,857,452)
Depreciation:		
- Property, plant and equipment	(31,344,624)	(31,344,624)
- Right of use assets	(64,362,966)	(64,362,966)
Share of losses of equity-accounted investee	(7,433,308)	(7,433,308)

(Amount in Saudi Riyals)

35. NON-CONTROLLING INTEREST

The following table summarizes the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations:

31 December 2021	Alamar Jordan	HEA Trade and Services Company	Other markets	Other adjustments	Total
NCI percentage	**25%**	**51%**			
Non-current assets	**8,620,311**	**27,602,197**	**155,526,911**		
Current assets	**2,437,360**	**11,878,151**	**55,272,661**		
Non-current liabilities	**(4,531,647)**	**(19,591,503)**	**(69,968,569)**		
Current liabilities	**(3,259,943)**	**(17,442,879)**	**(92,125,402)**		
Net assets	**3,266,081**	**2,445,965**	**48,705,602**		
Net assets attributable to NCI	**816,520**	**1,247,442**	**157,762**	**(2,517,779)**	**(296,055)**
Revenue	**15,179,585**	**28,007,843**	**244,382,164**		
Profit	**1,220,523**	**(2,622,620)**	**9,704,132**		
OCI	**(225)**	**(528,130)**	**(7,405,573)**		
Total comprehensive income	**1,220,298**	**(3,150,750)**	**2,298,559**		
Profit / (loss) allocated to NCI	**305,131**	**(1,541,536)**	**57,253**		**(1,179,152)**
OCI allocated to NCI	**(56)**	**(269,346)**	**(408,327)**		**(677,729)**
					(1,856,881)
Cash flows from operating activities	**2,113,467**	**3,724,828**	**63,122,294**		
Cash flows from investment activities	**(968,104)**	**(3,666,005)**	**(33,636,775)**		
Cash flows from financing activities (dividends to NCI: nil)	**(1,286,855)**	**(1,611,786)**	**(26,316,192)**		
Net increase (decrease) in cash and cash equivalents	**(141,492)**	**(1,552,963)**	**3,169,327**		

(Amount in Saudi Riyals)

35. NON-CONTROLLING INTEREST (CONTINUED)

31 December 2020	**Alamar Jordan**	**HEA Trade and Services Company**	**Other markets**	**Other adjustments**	**Total**
NCI percentage	**25%**	**51%**			
Non-current assets	8,970,371	22,550,615	118,880,710		
Current assets	2,145,340	8,999,010	54,182,002		
Non-current liabilities	(3,996,995)	(16,640,530)	(54,959,644)		
Current liabilities	(3,983,671)	(8,946,743)	(73,334,485)		
Net assets	3,135,045	5,962,352	44,768,583		
Net assets attributable to NCI	783,761	3,040,799	733,257	(2,996,991)	1,560,826
Net assets at acquisition		6,254,702			
Net assets attributable to NCI at acquisition		3,189,898		(142,216)	3,047,682
Revenue	9,916,685	20,289,447	184,177,743		
Profit	(703,642)	(657,987)	5,394,559		
OCI	51	365,637	391,063		
Total comprehensive income	(703,591)	(292,350)	5,785,622		
Profit / (loss) allocated to NCI	(175,910)	(335,575)	154,697		(356,788)
OCI allocated to NCI	13	186,468	2,579		189,060
					(167,728)
NCI share in dividends	--	--	(40,241)		(40,241)
Intercompany waiver	5,600,255	--	51,712,552		
Intercompany waiver attributable to NCI	1,400,064	--	1,173,417		2,573,481
Cash flows from operating activities	381,826	5,439,603	13,908,137		
Cash flows from investment activities	50,369	(2,139,678)	(11,524,654)		
Cash flows from financing activities (dividends to NCI: nil)	(637,653)	--	(96,155)		
Net increase (decrease) in cash and cash equivalents	(205,458)	3,299,925	2,287,328		

(Amount in Saudi Riyals)

36. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to the ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

The diluted earnings per share is same as basic earnings per share as the Group does not have any dilutive instruments in issues.

	31 December 2021	31 December 2020
Profit attributable to ordinary shareholders	**118,587,389**	56,279,780
Weighted average number of shares	**25,479,452**	25,500,000
Basic and diluted earnings per share (SR)	**4.65**	2.21
Reconciliation of weighted average number of shares		
Shares outstanding at beginning of the year	**500,000**	500,000
Bonus shares issued during 2021 (note 15.1)	**25,000,000**	25,000,000
Treasury shares acquired during the year	**(20,548)**	-
	25,479,452	25,500,000

37. SHARE BASED PAYMENT ARRANGEMENTS

On 27 December 2021, the Group established share based payment arrangements which entitles its key management personnel right to obtain shares or shares equivalent cash settlement in exchange of no cash consideration subject to fulfillment of vesting conditions. The arrangements do not have material impacts in these consolidated financial statements.

38. ANALYSIS OF SHAREHOLDER'S EQUITY

	76% ***Saudi shareholder***	**24%** ***Foreign shareholder***	**100%** ***Total***
Balance as of January 2020	181,745,432	56,484,260	238,229,692
Profit for the year	43,556,103	12,723,677	56,279,780
Other comprehensive income	1,002,898	311,689	1,314,587
	44,559,001	13,035,366	57,594,367
Contribution from shareholder	3,686,170	888,557	4,574,727
Acquisition of subsidiary	(1,233,316)	(383,299)	(1,616,615)
Dividends to NCI	30,700	9,541	40,241
Intercompany waivers	(55,989,863)	(17,400,965)	(73,390,828)
Balance as of December 2020	172,798,124	52,633,460	225,431,584
Balance as of January 2021	**172,798,124**	**52,633,460**	**225,431,584**
Profit for the year	**94,105,734**	**24,481,655**	**118,587,389**
Other comprehensive income	**(8,234,947)**	**(2,559,290)**	**(10,794,237)**
	85,870,787	**21,922,365**	**107,793,152**
Contribution from shareholders	**6,007,523**	**4,428,687**	**10,436,210**
Purchase of treasury shares	**(2,288,760)**	**(711,240)**	**(3,000,000)**
Balance as of December 2021	**262,387,674**	**78,273,272**	**340,660,946**

39. SUBSEQUENT EVENTS

On 3 March 2022 the general assembly resolved in its extra ordinary general meeting to authorize the Board of directors to declare final dividends according to paragraph 49.4 of the company bylaws, no meeting held by the Board of Directors to approve dividend declaration.

No other events have occurred subsequent to the reporting date which require adjustment or disclosure in the consolidated financial statements

40. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved on 18 Ramadan 1443H (corresponding to 19 April 2022).