

ALAMAR FOODS COMPANY
(A Joint Stock Company)
**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the three months period ended 31 March 2023
together with the
Independent auditor's review report

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

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كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Alamar Foods Company

Introduction

We have reviewed the accompanying 31 March 2023 condensed consolidated interim financial statements of Alamar Foods Company ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 31 March 2023;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2023;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2023;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2023; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2023 condensed consolidated interim financial statements of Alamar Foods Company and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia

KPMG Professional Services

Fahad Mubark Al Dossari
License No: 469

Date: 14 May 2023

Corresponding to: 24 Shawwal 1444H



KPMG professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of SAR 40,000,000. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي للفوزان وشركاه محاسبون ومراجعون قانونيون". و هي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة الإنجليزية محدودة بضمن. جميع الحقوق محفوظة.

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)
AS AT 31 MARCH 2023
(Amount in Saudi Riyals)

	<i>Note</i>	31 March 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
Property and equipment	5	180,483,845	180,698,644
Capital advances	5.1	6,988,013	7,387,255
Right of use assets	6	192,512,395	208,855,105
Goodwill	24	22,019,744	21,576,414
Other intangible assets		7,339,309	7,098,737
Equity-accounted investees		2,223,937	2,525,725
Deferred tax assets		1,641,750	1,539,998
Non-current assets		413,208,993	429,681,878
Inventories	7	90,774,047	84,644,776
Trade and other receivables	8	90,438,634	82,084,061
Due from related parties	9	2,795,223	2,695,761
Cash and cash equivalents	10	150,254,417	162,091,339
Current assets		334,262,321	331,515,937
Total assets		747,471,314	761,197,815
Equity and liabilities			
Equity			
Share capital	11	255,000,000	255,000,000
Treasury shares	11	(2,700,000)	(2,700,000)
Statutory reserve	12	25,766,788	25,766,788
Employee stock plan reserve	13	6,080,000	3,800,000
Other reserve	13	3,360,000	3,360,000
Retained earnings		58,876,098	69,794,884
Foreign currency translation reserve		(25,042,307)	(20,438,230)
Equity attributable to owners of the Company		321,340,579	334,583,442
Non-controlling interest		(1,360,948)	(822,912)
Total equity		319,979,631	333,760,530
Lease liabilities	15	139,874,400	153,951,753
Employee benefits	16	39,054,889	37,956,752
Trade and other payables	17	3,341,181	4,682,766
Loans and borrowings	22	1,617,427	1,730,782
Deferred tax liabilities		937,100	1,170,597
Non-current liabilities		184,824,997	199,492,650
Lease liabilities	15	71,524,933	71,845,165
Employee benefits	16	17,449,408	22,200,784
Trade and other payables	17	144,464,298	125,244,424
Due to related parties	9	2,209,281	2,349,368
Current portion of loan and borrowings	22	3,423,036	3,199,340
Provision for zakat and income tax	23	3,595,730	3,105,554
Current liabilities		242,666,686	227,944,635
Total liabilities		427,491,683	427,437,285
Total equity and liabilities		747,471,314	761,197,815

The accompanying notes (1) through (28) form an integral part of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements shown on pages 2 to 27 were approved on 24 Shawwal 1444H (corresponding to 14 May 2023) and signed on behalf of the board of directors by:

Ibrahim A. AlJammaz
Chairman of Board

Filippo Sgattoni
Chief Executive Officer

Yaser AlMasri
Chief Financial Officer

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023
(Amount in Saudi Riyals)

	<i>Note</i>	31 March 2023	31 March 2022
Revenue	18	249,746,500	270,968,388
Cost of sales		(179,781,488)	(172,085,831)
Gross profit		69,965,012	98,882,557
Selling and distribution expenses		(30,179,530)	(26,932,974)
Administrative expenses		(24,272,645)	(26,693,900)
Other income		5,123,765	5,111,275
Reversal of impairment of trade and other receivables	8	2,042,200	--
Employees share plan compensation expense	13	(3,295,000)	--
Operating profit		19,383,802	50,366,958
Finance costs and bank charges		(4,222,415)	(4,629,047)
Finance income		1,069,893	--
Share of losses of equity-accounted investee		(511,475)	(71,270)
Profit before zakat and tax		15,719,805	45,666,641
Zakat and income tax		(1,859,030)	(2,468,492)
Profit for the period		13,860,775	43,198,149
Other comprehensive income			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Remeasurement of employee defined benefit liabilities		--	--
<i>Item that are reclassified subsequently to profit or loss</i>			
Foreign operation – foreign currency translation differences		(4,679,173)	(1,298,811)
Other comprehensive income for the period		(4,679,173)	(1,298,811)
Total comprehensive income for the period		9,181,602	41,899,338
Profit attributable to:			
Owners of the Company		14,323,714	43,241,813
Non-controlling interests		(462,940)	(43,664)
		13,860,774	43,198,149
Total comprehensive income attributable to:			
Owners of the Company		9,719,638	42,604,162
Non-controlling interests		(538,036)	(704,824)
		9,181,602	41,899,338
Earnings per share - basic	26	0.57	1.72
Earnings per share - diluted	26	0.56	1.72

The accompanying notes (1) through (28) form an integral part of these condensed consolidated interim financial statements.

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023

(Amount in Saudi Riyals)

	Share capital	Treasury shares	Statutory reserve	Employees stock plan reserve	Other reserve	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interest	Total equity
<i>For the three months ended 31 March 2023</i>										
Balance at 1 January 2023	255,000,000	(2,700,000)	25,766,788	3,800,000	3,360,000	69,794,884	(20,438,230)	334,583,442	(822,912)	333,760,530
<i>Total comprehensive income for the period</i>										
Profit for the period	--	--	--	--	--	14,323,714	--	14,323,714	(462,940)	13,860,774
Other comprehensive loss for the period	--	--	--	--	--	--	(4,604,077)	(4,604,077)	(75,096)	(4,679,173)
Total comprehensive income for the period	--	--	--	--	--	14,323,714	(4,604,077)	9,719,637	(538,036)	9,181,601
Equity settled share-based payment	--	--	--	2,280,000	--	--	--	2,280,000	--	2,280,000
Dividends (note 14)	--	--	--	--	--	(25,242,500)	--	(25,242,500)	--	(25,242,500)
Balance at 31 March 2023	255,000,000	(2,700,000)	25,766,788	6,080,000	3,360,000	58,876,098	(25,042,307)	321,340,579	(1,360,948)	319,979,631
<i>For the three months ended 31 March 2022</i>										
Balance at 1 January 2022	255,000,000	(3,000,000)	14,240,824	--	--	80,063,484	(5,643,362)	340,660,946	(296,055)	340,364,891
<i>Total comprehensive income for the period</i>										
Profit for the period	--	--	--	--	--	43,241,813	--	43,241,813	(43,664)	43,198,149
Other comprehensive loss for the period	--	--	--	--	--	--	(637,651)	(637,651)	(661,160)	(1,298,811)
Total comprehensive income for the period	--	--	--	--	--	43,241,813	(637,651)	42,604,162	(704,824)	41,899,338
Balance at 31 March 2022	255,000,000	(3,000,000)	14,240,824	--	--	123,305,297	(6,281,013)	383,265,108	(1,000,879)	382,264,229

The accompanying notes (1) through (28) form an integral part of these condensed consolidated interim financial statements.

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023
(Amount in Saudi Riyals)

	<i>Note</i>	31 March 2023	31 March 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		13,860,775	43,198,149
Adjustments for:			
- Zakat and income tax		1,859,030	2,468,492
- Depreciation of property, plant and equipment	5	9,343,452	8,369,119
- Depreciation of right of use assets	6	17,776,132	17,634,229
- Amortization of intangible assets		617,951	457,043
- Share of loss in equity-accounted investee		511,475	71,270
- Employee benefits	16	1,970,385	1,547,665
- Interest expense of lease liabilities		2,806,627	3,280,625
- Impairment of trade and other receivables	8	(2,042,200)	--
- Employees share plan compensation expense	13	3,295,000	--
- Loss on disposal of property and equipment		(32,512)	63,399
- Impairment loss on inventories		(51,781)	--
		49,914,334	77,089,991
Changes in:			
Inventories		(6,077,490)	(4,965,139)
Trade and other receivables		(6,312,366)	(13,886,412)
Due from related parties		(99,462)	(1,575,082)
Employee benefits		(4,751,374)	7,865,380
Trade and other payables		(7,573,897)	6,202,564
Due to related parties		(140,087)	65,851
Cash generated from operations		24,959,658	70,797,153
Zakat and income tax paid		--	(662,304)
Employee benefits paid	16	(1,726,115)	(493,960)
Net cash generated from operating activities		23,233,543	69,640,889
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	5	(14,776,412)	(10,128,511)
Capital advances	5.1	399,242	(5,500,000)
Acquisition of intangible assets		(892,881)	(2,959,065)
Proceeds from sale of property, plant and equipment		64,124	358,228
Net cash used in investing activities		(15,205,927)	(18,229,348)
CASH FLOWS FROM FINANCING ACTIVITIES			
Movement in loans and borrowings		110,340	(183,729)
Payments of lease liabilities		(14,494,489)	(19,058,689)
Payments of Interest expense of lease liabilities		(2,806,627)	(3,280,625)
Net cash used in financing activities		(17,190,776)	(22,523,043)
Net (decrease) / increase in cash and cash equivalents		(9,163,160)	28,888,498
Cash and cash equivalents at beginning of the period		162,091,339	190,567,259
Net exchange differences		(2,673,762)	2,487,068
Cash and cash equivalents at 31 March	10	150,254,417	221,942,825

The accompanying notes (1) through (28) form an integral part of these condensed consolidated interim financial statements.

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023
(Amount in Saudi Riyals)

1. ACTIVITIES

Alamar Foods Company (the “Company” or the “Parent Company”) is a Saudi 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 1422 H (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 to as “the Group”) consist of:

- i) Administration and operation of 442 restaurants (31 December 2022: 439) under a Domino’s franchise agreement catering service for cooked and non-cooked food and fast-food meals.
- ii) Administration and operation of 58 restaurants (31 December 2022: 56 restaurants) 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

On 7 Dhu al-Qidah 1443H (corresponding to 7 June 2022), the Capital Market Authority announced the approval to offer 10.6 million shares for public subscription representing 42.2% of the Company’s shares. On 9 August 2022, the Company’s shares started trading on Tadawul as a Joint Stock Company.

During the period, the legal procedures of renewal of the commercial register and other formalities to reflect the change to Joint Stock Company were completed.

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

<u>Name of the Company</u>	<u>Place of incorporation</u>	<u>Principal activity</u>	<u>Date of acquisition</u>	<u>Effective holding percentage</u>	
				31 March 2023	31 December 2022
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	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	Rabat, Morocco	Establishing, operating and managing of fast food restaurants	23 January 2020	49%	49%

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023
(Amount in Saudi Riyals)

1. ACTIVITIES (CONTINUED)

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

2. BASIS OF PREPARATION

Statement of compliance

These condensed consolidated interim financial statements ("consolidated financial statements") have been prepared in accordance with IAS 34 'Interim Financial Reporting' as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA"), and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2022 ("last annual financial statements").

These consolidated financial statements do not include all of information required for complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

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 measured at equity method. Further, the consolidated financial statements are prepared using the accrual basis of accounting and going concern concept.

Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyal ("SR") which is the functional and presentation currency of the Group.

3. USE OF ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

In preparing these consolidated financial statements, management has made estimates and judgments that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023
(Amount in Saudi Riyals)

2. BASIS OF PREPARATION

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

3. USE OF ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

4. SIGNIFICANT ACCOUNTING POLICIES

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted them in preparing these consolidated financial statements. These are not expected to have a significant impact on the consolidated financial statements of the Company.

1 January 2023	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)
1 January 2024	Non-current liabilities with Covenants – Amendments to IAS 1
	Classification of Liabilities as Current or Non-current – Amendments to IAS 1
	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
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)

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated annual financial statements for the year ended 31 December 2022.

ALAMAR FOODS COMPANY
(A JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023
(Amount in Saudi Riyals)

5. PROPERTY AND EQUIPMENT

<i>Cost:</i>	<u>Land</u>	<u>Buildings</u>	<u>Leasehold improvements</u>	<u>Furniture</u>	<u>Machines and equipment</u>	<u>Computer devices and hardware</u>	<u>Vehicles</u>	<u>Total</u>
At 1 January 2022	2,998,923	1,123,424	174,245,029	17,796,484	138,972,217	24,749,267	8,132,929	368,018,273
Additions	--	783,929	35,726,536	2,734,667	18,186,338	4,574,912	1,322,614	63,328,996
Transfers	--	--	4,196,294	--	(1,202,507)	1,202,507	--	4,196,294
Disposals	--	(692)	(3,823,040)	(288,355)	(5,942,462)	(479,855)	(1,054,339)	(11,588,743)
Effects of movement in exchange rates	(1,098,559)	(217,404)	(6,501,871)	(891,189)	(7,969,794)	(638,700)	(544,416)	(17,861,933)
At 31 December 2022	1,900,364	1,689,257	203,842,948	19,351,607	142,043,792	29,408,131	7,856,788	406,092,887
Additions	--	--	9,972,617	615,320	3,344,240	769,833	74,402	14,776,412
Disposals	--	--	--	(3,548)	(21,328)	(13,072)	(304,998)	(342,946)
Effects of movement in exchange rates	(379,062)	(224,918)	(3,346,393)	(557,433)	(3,150,945)	(400,955)	(212,824)	(8,272,530)
At 31 March 2023	1,521,302	1,464,339	210,469,172	19,405,946	142,215,759	29,763,937	7,413,368	412,253,823
<i>Accumulated depreciation:</i>								
At 1 January 2022	--	361,962	84,991,827	12,622,623	81,618,114	19,576,023	5,860,484	205,031,033
Charge for the year	--	40,340	18,353,710	1,600,755	12,333,698	2,552,211	974,630	35,855,344
Transfers	--	--	1,126,456	--	(948,262)	948,262	--	1,126,456
Disposals	--	(351)	(2,306,894)	(259,727)	(5,036,300)	(425,308)	(797,773)	(8,826,353)
Exchange rates movements	--	(68,056)	(3,225,304)	(610,171)	(3,283,744)	(217,950)	(387,012)	(7,792,237)
At 31 December 2022	--	333,895	98,939,795	13,353,480	84,683,506	22,433,238	5,650,329	225,394,243
Charge for the period	--	8,540	4,981,737	400,013	3,091,530	660,633	200,999	9,343,452
Disposals	--	--	--	(2,246)	(19,417)	(2,924)	(286,746)	(311,333)
Exchange rates movements	--	(25,379)	(1,209,455)	(213,731)	(998,533)	(85,253)	(124,033)	(2,656,384)
At 31 March 2023	--	317,056	102,712,078	13,537,516	86,757,086	23,005,694	5,440,548	231,769,978

Net book value:

At 31 March 2023	1,521,302	1,147,283	107,757,094	5,868,430	55,458,673	6,758,243	1,972,820	180,483,845
At 31 December 2022	1,900,364	1,355,362	104,903,153	5,998,127	57,360,286	6,974,893	2,206,459	180,698,644

5.1 As of 31 March 2023, an amount of SR 7 million (31 December 2022: SR 7.4 million) is capitalized and primarily relating to certain stores and head office assets improvements in progress.

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6. 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.

	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
Cost:			
At 1 January 2022 (Audited)	352,741,695	35,731,773	388,473,468
Contract modification	(6,231,626)	444,498	(5,787,128)
Additions	66,447,811	18,723,197	85,171,008
Disposals	(38,264,925)	(5,467,021)	(43,731,946)
Exchange rates movements	(22,868,189)	(410,953)	(23,279,142)
At 31 December 2022 (Audited)	351,824,766	49,021,494	400,846,260
Modifications	(46,018)	--	(46,018)
Additions	6,932,883	361,905	7,294,788
Disposals	(1,880,247)	(54,877)	(1,935,124)
Exchange rates movements	(8,139,977)	132,395	(8,007,580)
At 31 March 2023 (Unaudited)	348,691,407	49,460,917	398,152,326
Accumulated depreciation:			
At 1 January 2022 (Audited)	163,364,277	13,361,813	176,726,090
Contract modification	(5,397,000)	102,277	(5,294,723)
Charge for the year	64,467,700	9,361,510	73,829,210
Disposal	(38,038,549)	(5,184,169)	(43,222,718)
Exchange rates movements	(9,797,019)	(249,685)	(10,046,704)
At 31 December 2022 (Audited)	174,599,409	17,391,746	191,991,155
Charge for the period	15,075,627	2,700,505	17,776,132
Disposals	(1,151,835)	(153,019)	(1,304,854)
Exchange rates movements	(2,871,177)	48,673	(2,822,504)
At 31 March 2023 (Unaudited)	185,652,024	19,987,905	205,639,929
Net book values:			
At 31 March 2023 (Unaudited)	163,039,383	29,473,012	192,512,395
At 31 December 2022 (Audited)	177,225,357	31,629,748	208,855,105

7. INVENTORIES

	31 March 2023	31 December 2022
	(Unaudited)	(Audited)
Raw materials	84,262,546	77,727,993
Consumables and packing material	6,541,315	6,915,606
Goods in transit	--	83,052
Provision	(29,814)	(81,875)
	90,774,047	84,644,776

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8. TRADE AND OTHER RECEIVABLES

	31 March 2023	31 December 2022
Note	(Unaudited)	(Audited)
Trade receivables	22,024,536	28,070,758
Impairment loss on trade receivables	8.1 (2,113,380)	(4,165,718)
Net trade receivables	19,911,156	23,905,040
Prepaid expenses	33,779,361	24,590,756
Advances to suppliers	13,320,259	15,004,967
Advances to employees	4,245,131	4,215,494
Other receivables	20,892,219	16,194,073
Less: Impairment loss on other receivables	8.1 (1,709,492)	(1,826,269)
	90,438,634	82,084,061

8.1 Movement in the impairment loss on trade and other receivables for the period / year is as follows:

	31 March 2023	31 December 2022
	(Unaudited)	(Audited)
Balance at beginning of the period / year	5,991,987	6,929,696
Charge during the period / year	10,138	--
Exchange rate movements	(137,053)	(97,031)
Written off during the period / year	--	(31,608)
Reversal	(2,042,200)	(809,070)
Balance at end of the period / year	3,822,872	5,991,987

Apportioned to:

Trade receivables	2,113,380	4,165,718
Other receivables	1,709,492	1,826,269
Balance at end of the period / year	3,822,872	5,991,987

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 or provides 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.

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8. TRADE AND OTHER RECEIVABLES (CONTINUED)

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.

<u>Trade receivables – Days past due</u>						
31 March 2023 (Un-audited)	Not past due	<30	31-60	61-90	>90	Total
Expected credit loss rate %	-	-	-	-	74%	10%
Gross carrying amount	14,802,455	2,633,494	1,073,890	667,862	2,846,835	22,024,536
Lifetime ECL	-	-	-	-	2,113,380	2,113,380
<u>Trade receivables – Days past due</u>						
	Not past due	<30	31-60	61-90	>90	Total
31 December 2022 (Audited)						
Expected credit loss rate %	14%	-	-	-	87%	15%
Gross carrying amount	21,500,200	3,838,042	873,107	453,866	1,405,543	28,070,758
Lifetime ECL	2,937,658	-	-	-	1,228,060	4,165,718

9. RELATED PARTIES INFORMATION

The Group's immediate and ultimate controlling party is Abdul Aziz 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 period, the Group entered into the following transactions with related parties:

	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
<i>Transactions with Shareholders</i>		
Recharges	--	1,041,437
Collections and payments	600	--
<i>Transactions with associate</i>		
Sale of goods	3,450	10,619
Purchases		15,353
Expenses	86,698	30,046
Royalties	1,010,193	1,090,445
Collection and payments	820,814	502,433
Other charges	28,309	28,883

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9. RELATED PARTIES INFORMATION (CONTINUED)

	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
<i>Transactions with subsidiary companies</i>		
<i>Transactions with entities under common control</i>		
Expenses	294	8,026
Collections and payments	47,200	--
<i>Transactions with other related parties</i>		
Expenses	798,609	1,085,009
Collections and payments	757,582	565,750
Other charges	1,633	1,853

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

	Nature of relationship	31 March 2023 (Unaudited)	31 December 2022 (Audited)
<i>Due from related parties</i>			
Alamar Foods Company, Oman	Associate company	1,348,038	1,267,170
Kasual + Limited Liability Company	Joint venture investment	225,242	228,288
Yasmine Flower Company*	Shareholder of subsidiary	1,200,303	1,200,303
Others	Others	21,640	--
		<u>2,795,223</u>	<u>2,695,761</u>
<i>Due to related parties</i>			
AlJammaz Agriculture	Company under common control	294	47,200
Hakam El Abbes	Shareholder of subsidiary	2,075,139	2,208,648
Sovana Inc. USA	Others	12,855	3,276
Intermob	Others	107,164	75,815
Abdullah Ibrahim AlJammaz	Others	--	600
Alamar Foods For Restaurants Management WLL	Others	13,829	13,829
		<u>2,209,281</u>	<u>2,349,368</u>

The amounts outstanding with related parties are unsecured and will be settled in cash. No amounts have been expensed in respect of due from other related parties during the period. 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.

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9. RELATED PARTIES INFORMATION (CONTINUED)

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

	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Short-term benefits	5,751,387	2,868,168
Post-employment benefits	--	314,488

10. CASH AND CASH EQUIVALENTS

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Cash on hand	1,776,911	3,602,131
Cash at bank	74,147,882	47,069,399
Murabaha contract*	75,000,000	111,600,000
Cash and cash equivalents – gross	<u>150,924,793</u>	<u>162,271,530</u>
Impairment loss allowance	<u>(670,376)</u>	<u>(180,191)</u>
Cash and cash equivalent – net	<u>150,254,417</u>	<u>162,091,339</u>

* Maturity dates less than three months and return of 4.93%.

11. SHARE CAPITAL

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
25,500,000 shares of SR10 each	255,000,000	255,000,000
270,000 (2022: 270,000) treasury shares of SR 10 each	<u>2,700,000</u>	<u>2,700,000</u>

Treasury shares:

Outstanding number of treasury shares 270,000 (2022: 270,000) shares of SR 10 each	<u>2,700,000</u>	<u>2,700,000</u>
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12. STATUTORY RESERVE

In accordance with the Regulations for Companies in Saudi Arabia and the Company's By-Laws, the Company is required to transfer 10% of its profit for the year to a statutory reserve until such reserve equals 30% of its share capital. This reserve is not available for dividend distribution.

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13. EMPLOYEE SHARE OPTION SCHEME

On 23 May 2022, the Board resolved to amend the Company's employee stock ownership plan by issuing 300,000 treasury shares which shall be granted by the Company as shares to the employees in accordance with the Plan.

The awards are subject to graded vesting. 25% of the awards have vested upon listing in the Tadawul, 35% of the awards will vest on the first anniversary of listing, and the remaining 40% of the awards will vest on the second anniversary of listing, at which point in time, the awards will have fully vested.

The fair values of awards granted will be determined by reference to the market values of the Company's ordinary shares on the grant dates for equity-settled awards and at the Balance Sheet date for cash-settled awards. The fair value of the employee services received in exchange for the grant of shares will be recognized as an expense in profit or loss, together with a corresponding increase in ESP reserves, in equity, over the period during which the vesting conditions are fulfilled. Accordingly, the ESP reserves are transferred to Other reserve account to recognize issuance of new shares.

For shares granted to employees, the fair value of the shares shall be measured at the market value of the entity's shares as at 31 December 2022 and 31 March 2023.

The Company recognized the following share-based compensation expense:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Equity-settled	2,280,000	7,460,000
Cash-settled	1,015,000	8,583,333
	<u>3,295,000</u>	<u>16,043,333</u>

At 31 March 2023, the total carrying amount of the liabilities in respect of the cash settlement elements of the respective awards was SR 4.3 million (2022: SR 8.6 million). The total carrying amount of the employee share plan reserve in respect of the equity settlement elements of the respective awards was SR 6.1 million (2022: SR 3.8 million). The total carrying amount of Other reserve which pertains to the vested portion of equity settled share based payment awards is SR 3.4 million (2022: SR 3.4 million)

The reconciliation of share based payment awards is as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Outstanding at 9 August opening / grant date	127,500	209,000
Vested during the period – cash settled	--	(51,500)
Vested during the period – equity settled	--	(30,000)
Outstanding as at 31 March / 31 December	<u>127,500</u>	<u>127,500</u>

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14. DIVIDENDS

On 26 Ramadan 1443 H corresponding to 27 April 2022, the Board of Directors proposed and approved the distribution of dividends to the Company's shareholders in an amount of sixty eight million (68,000,000) Saudi Riyals from the Company's retained earnings for the financial year ended 31 December 2022. This was approved by the shareholders in their meeting dated 12 May 2022. These dividends have been paid in the period net of certain related party receivable balances.

On 23 Muharram 1444 H corresponding to 21 August 2022, the Board of Directors proposed and approved the distribution of interim dividends to the Company's shareholders in an amount of forty three million (43,095,000) Saudi Riyals from the Company's retained earnings for the six months period ended 30 June 2022. The amount of dividend pertaining to treasury shares not yet vested on the date of dividend declaration is SR 369,265 and has therefore, been deducted from the total amount of dividend declared.

On 21 Rabi II 1444 H corresponding to 15 November 2022, the Board of Directors proposed and approved the distribution of interim dividends to the Company's shareholders in an amount of seventeen million six hundred ninety thousand and fifty (SR 17.7 million) Saudi Riyals from the company's retained earnings for the three months period ended 30 September 2022.

On 4 Ramadan 1444H corresponding to 26 March 2023, the Board of Directors proposed and approved the distribution of interim dividends to the Company's shareholders in an amount of Twenty-Five million Two Hundred Forty-Two Thousand Five Hundred (SR 25.2 million) Saudi Riyals from the Company's retained earnings for the three months period ended 31 December 2022.

15. LEASE LIABILITIES

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
<i>Non-Current liabilities</i>		
Lease liabilities	<u>139,874,400</u>	<u>153,951,753</u>
<i>Current liabilities</i>		
Current portion of lease liabilities	<u>71,524,933</u>	<u>71,845,165</u>

The Group leased certain of its vehicles and its stores. The average lease term is 5 years (2022: 5 years).

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
<u>Minimum lease payments</u>		
Not later than one year	80,406,570	82,043,359
Later than one year and not later than five years	129,760,288	143,551,635
More than five years	29,141,159	30,871,261
	<u>239,308,017</u>	256,466,255
Less: future finance charges	(27,908,683)	(30,669,337)
Present value of minimum lease payments	<u>211,399,334</u>	<u>225,796,918</u>
<u>Present value of minimum lease payments</u>		
Not later than one year	71,524,933	71,845,165
Later than one year but not later than five years	116,635,700	129,533,175
More than five years	23,238,701	24,418,578
	<u>211,399,334</u>	<u>225,796,918</u>

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15. LEASE LIABILITIES

Movement in lease liability during the year is as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Balance on 1 January	225,796,917	227,035,252
Additions	7,294,788	85,171,008
Finance cost	2,806,627	12,915,274
Disposal	(630,270)	(508,987)
Payments made during the year	(17,301,116)	(78,161,680)
Modification	(46,017)	(1,111,784)
Exchange rates movements	(6,521,595)	(19,542,165)
Balance as on 31 March / 31 December	211,399,334	225,796,918

16. EMPLOYEE BENEFITS

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
<i>Non-current liability</i>		
Defined benefit liability	31,814,578	31,731,442
Employees share plan liability	4,333,332	3,318,333
Others	2,906,979	2,906,977
	39,054,889	37,956,752
<i>Current liabilities:</i>		
Payroll and bonus	5,911,240	7,753,397
Employees share plan liability	--	5,265,000
Accrued vacation	6,466,250	4,308,317
Accrued air ticket and iqama fees	3,514,529	3,380,592
Others	1,557,389	1,493,478
	17,449,408	22,200,784
	56,504,297	60,157,536

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Defined benefit liability		
Balance at the beginning of the year	31,731,442	25,559,199
Current service cost	1,643,340	6,524,839
Interest cost	327,045	546,274
	1,970,385	7,071,113
Paid during the year	(1,726,115)	(2,888,597)
Actuarial loss arising from		
- Demographic assumptions	--	807,072
- Financial assumptions	--	158,758
- Experience adjustments	--	1,061,437
	--	2,027,267
Exchange rate movements	(161,134)	(37,540)
Balance at the end of the year	31,814,578	31,731,442

The most recent actuarial valuation was performed as at 31 December 2022, by an independent, qualified actuary using the projected unit credit method.

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16. EMPLOYEE BENEFITS (CONTINUED)

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

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Discount rate	4.63%	4.63%
Rate of salary increases	6.00%	6.00%

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 analyses

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 March 2023 (Unaudited)	31 December 2022 (Audited)
Increase in discount rate of 1%	(1,800,706)	(1,778,896)
Decrease in discount rate of 1%	2,315,659	2,020,110
Increase in rate of salary increase of 1%	1,833,247	2,113,945
Decrease in rate of salary increase of 1%	(2,244,740)	(1,900,487)

17. TRADE AND OTHER PAYABLES

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
<i>Non-Current liabilities</i>		
Other long-term liabilities	3,341,181	4,682,766
<i>Current liabilities</i>		
Trade payables	58,777,521	70,605,329
Accrued expenses	39,375,469	32,953,321
Deferred revenues	11,606,279	11,606,279
Other payables	34,705,029	10,079,495
	144,464,298	125,244,424

- 17.1. Deferred revenue includes the amount received from supplier as signing bonus amounting to USD 7 million (SR 26.2 million) during 2018 which is being amortized based on the quantity procured in accordance with the terms of the contract.
- 17.2. 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.
- 17.3. Other payables include additional losses against investment on Associate amounting to SR 1.98 million (31 December 2022: SR 1.77 million) since the Group has legal and constructive obligation to record additional losses in proportion to its ownership percentage in accordance with the terms of the agreement.
- 17.4. Other payables include dividends payable amounting to SR 25.57 million (31 December 2022: SR 0.83 million).

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18. REVENUE

Revenue streams

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

	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Sale of products:		
- Domino's Pizza	230,679,991	244,230,572
- Dunkin Donuts	15,521,259	22,637,113
- Other	3,545,250	4,100,703
	<u>249,746,500</u>	<u>270,968,388</u>

Disaggregation of revenue

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

	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
<i>Primary geographical markets</i>		
Kingdom of Saudi Arabia	170,722,264	175,080,115
Other GCC and Levant	51,913,039	60,240,339
North Africa	27,111,197	35,647,934
Net revenue as reported in note 24	<u>249,746,500</u>	<u>270,968,388</u>
Products transferred at a point in time	<u>249,746,500</u>	<u>270,968,388</u>

19. CAPITAL COMMITMENTS

The Group had capital commitments of SR 11.69 million at the reporting date relating to property and equipment (31 December 2022: SR 24.9 million).

20. 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, statutory reserve, additional contribution to capital and retained earnings.

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20. FINANCIAL INSTRUMENTS (CONTINUED)

Categories of financial instruments:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Financial assets		
<i>Amortized cost</i>		
Cash and cash equivalents (note 10)	150,254,417	162,091,339
Trade and other receivables	39,093,883	38,272,844
Due from related parties (note 9)	2,795,223	2,695,761
Financial liabilities		
<i>Amortized cost</i>		
Trade and other payables	132,858,019	113,638,145
Due to related parties (note 9)	2,209,281	2,349,368
Employees benefits (note 16)	24,689,719	28,426,094
Lease liabilities (note 15)	211,399,334	225,796,918
Loans and borrowings (note 22)	5,040,463	4,930,122

Fair values of financial assets and financial liabilities measured at amortized cost are not significantly different from their carrying amounts.

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 not exposed significantly to market risk during the period under review. There were no changes in these circumstances from the previous year.

Foreign currency risk management

The Group did not have any significant foreign currency denominated monetary assets or liabilities at the reporting date for which it was exposed to any material foreign currency fluctuations. 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. Accordingly, no foreign currency sensitivity analysis has been presented.

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.

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.

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20. FINANCIAL INSTRUMENTS (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 March 2023

(Unaudited)

Details	Interest rate %	Within one year	One year to five years	Over five years	Total
Trade and other payables	Interest free	132,858,019	--	--	132,858,019
Due to related parties	Interest free	2,209,281	--	--	2,209,281
Employee benefits	Interest free	17,449,408	7,240,309	--	24,689,717
Lease liabilities	3-4%	80,406,570	129,760,288	29,141,159	239,308,017
Loans and borrowings	3-6%	3,423,036	1,736,308	--	5,159,344
		236,346,314	138,736,905	29,141,159	404,224,378

31 December 2022

(Audited)

Details	Interest Rate %	Within one year	One year to five years	Over five years	Total
Trade and other payables	Interest free	113,638,070	--	--	113,638,070
Due to related parties	Interest free	2,349,368	--	--	2,349,368
Employee benefits	Interest free	22,200,784	6,225,310	--	28,426,094
Lease liabilities	3-4%	82,043,359	143,551,635	30,871,261	256,466,255
Loans and borrowings	3-6%	3,280,321	1,853,225	--	5,133,546
		223,511,902	151,630,170	30,871,261	406,013,333

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 31 March 2023, 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 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.

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 the Group's credit risk is significantly reduced.

Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group is primarily engaged in the cash business and trade receivables are mainly on account of sub-franchise fee and amounts due from aggregators. The Group had 5 (31 December 2022: 3) trade receivables at the reporting date which comprised more than 96% (31 December 2022: 97%) of the trade receivable balance.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

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21. RETIREMENT BENEFIT INFORMATION

The Group 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 1.2 million (31 March 2022: SR 2.2 million).

22. LOANS 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 promissory notes, personal and corporate guarantees.

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
<i>Non-Current liabilities</i>		
Loan and borrowings	1,617,427	1,730,782
<i>Current liabilities</i>		
Current portion of loan and borrowings	3,423,036	3,199,340

23. CONTINGENT LIABILITIES

There were no contingencies in existence at the reporting period 31 March 2023 except for the following:

Zakat and income tax declaration up to and including the year ended 31 December 2022 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 which is still under review. The tax advisor of the Company expects that the appeal will be decided in favor of the Company.

Income tax declarations for foreign jurisdictions were submitted to the relevant authorities up to year ended 31 December 2022. There are no material open assessments or claims as at 31 March 2023.

As at 31 March 2023, the Group has utilized balances of irrevocable letter of guarantees from local commercial bank amounting to SR 6.99 million (31 December 2022: SR 6.99 million).

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24. GOODWILL

Movement in goodwill during the year is as follows:

	31 March	31 December
	<u>2023</u>	<u>2022</u>
Balance at 1 January	21,576,414	24,762,215
Foreign currency translation	443,330	(3,185,801)
Balance at 31 December	<u>22,019,744</u>	<u>21,576,414</u>

Goodwill is retranslated at rates prevailing at the reporting date and a increase of SR 0.443 million for the period is recognized in foreign currency translation reserve.

25. REPORTING SEGMENTS

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.

The following summary describes the operations of each reportable segment.

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 Group's Board of Directors reviews the internal management reports of each segment at least quarterly.

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25. REPORTING SEGMENTS (CONTINUED)

Information about reportable segments:

	Reporting Segments			Total reportable segments
	Kingdom of Saudi Arabia	Other GCC and Levant	North Africa	
31 March 2023 (Un-audited)				
External revenue	170,722,264	51,913,039	27,111,197	249,746,500
Internal revenue	85,856	6,136,387	329,299	6,551,542
Segment revenue	170,808,120	58,049,426	27,440,496	256,298,042
External revenue as reported in note 17	170,722,264	51,913,039	27,111,197	249,746,500
Major products				
Domino's Pizza	167,177,014	51,913,039	11,589,938	230,679,991
Dunkin Donuts	--	--	15,521,259	15,521,259
Other	3,631,107	6,136,387	329,298	10,096,792
	170,808,121	58,049,426	27,440,495	256,298,042
Timing of revenue recognition				
Point in time	170,808,121	58,049,426	27,440,495	256,298,042
Segment profit before zakat and income tax	14,838,122	(2,371,573)	(4,425,340)	8,041,209
Interest expense	(1,762,143)	(1,154,156)	(1,306,116)	(4,222,415)
Depreciation:				
- Property and equipment	(5,119,282)	(2,819,004)	(1,405,127)	(9,343,452)
- Right of use assets	(10,312,660)	(4,501,193)	(2,962,279)	(17,776,132)
Share of (losses) / profit of equity-accounted investee	(209,687)	(301,788)	--	(511,475)
31 March 2023 (unaudited)				
Segment non-current assets*	195,537,570	115,657,416	78,782,387	389,977,373
Segment assets	5554,275,032	305,712,824	110,527,940	976,515,796
Segment liabilities	244,208,275	232,690,712	104,971,751	581,870,738

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25. REPORTING SEGMENTS (CONTINUED)

Information about reportable segments:

31 March 2022 (unaudited)	Reporting Segments			Total reportable segments
	Kingdom of Saudi Arabia	Other GCC and Levant	North Africa	
External revenue	175,080,115	60,240,339	35,647,934	270,968,388
Internal revenue	372,804	6,481,416	456,279	7,310,499
Segment revenue	175,452,919	66,721,755	36,104,213	278,278,887
External revenue as reported in note 17	175,080,115	60,240,339	35,647,934	270,968,388
Major Products				
Domino's Pizza	170,994,546	60,143,182	13,092,844	244,230,572
Dunkin Donuts	--	--	22,637,113	22,637,113
Others	4,458,373	6,578,573	374,256	11,411,202
	175,452,919	66,721,755	36,104,213	278,278,887
Timing of revenue recognition				
Point in time	175,452,919	66,721,755	36,104,213	278,278,887
Segment profit before zakat and income tax	36,144,192	10,096,292	1,454,264	47,694,748
Interest expense	(1,763,711)	(1,174,975)	(1,690,361)	(4,629,047)
Depreciation:				
- Property, plant and equipment	(4,599,550)	(2,203,239)	(1,566,330)	(8,369,119)
- Right of use assets	(9,807,741)	(4,374,835)	(3,451,653)	(17,634,229)
Share of loss of equity-accounted investee	(71,270)	-	-	(71,270)
<u>31 March 2022 (unaudited)</u>				
Segment non-current assets*	194,719,407	196,251,846	92,629,552	483,600,805
Segment assets	596,626,617	279,444,361	125,428,547	1,001,499,525
Segment liabilities	230,783,765	218,442,190	103,891,815	553,117,770

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

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25. REPORTING SEGMENTS (CONTINUED)

Information about reportable segments:

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

i. Revenue:

	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Total revenue for reportable segments	256,298,042	278,278,887
Elimination of inter-segment revenue	(6,551,542)	(7,310,499)
Consolidated revenue	249,746,500	270,968,388

ii. Profit /(loss) before zakat and tax:

	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Total profit /(loss) before zakat and tax for reportable segments	8,041,209	47,694,748
Unallocated corporate items	7,678,596	(2,028,107)
Consolidated profit before zakat and tax	15,719,805	45,666,641

iii. Assets:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Total assets for reportable segments	970,515,803	980,892,206
Elimination of inter-segment balances	(223,044,489)	(219,694,391)
Consolidated total assets	747,471,314	761,197,815

iv. Liabilities:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Total liabilities for reportable segments	581,870,737	578,022,913
Elimination of inter-segment balances	(154,379,054)	(150,585,628)
Consolidated total liabilities	427,491,683	427,437,285

v. Other material items:

<u>31 March 2023 (Un-audited)</u>	<u>Reportable segments total</u>	<u>Consolidated</u>
Interest expense	(4,222,415)	(4,222,415)
Depreciation:		
- Property and equipment	(9,343,452)	(9,343,337)
- Right of use assets	(17,776,132)	(17,775,953)
Share of losses of equity-accounted investee	(511,475)	(511,475)

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25. REPORTING SEGMENTS (CONTINUED)

<u>31 March 2022 (Un-audited)</u>	<u>Reportable segments total</u>	<u>Consolidated</u>
Interest expense	(4,629,047)	(4,629,047)
Depreciation:		
- Property and equipment	(8,369,119)	(8,369,119)
- Right of use assets	(17,634,229)	(17,634,229)
Share of losses of equity-accounted investee	(71,270)	(71,270)

26. 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.

	For the three months period	
	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
<i>Basic:</i>		
Profit attributable to owners of the Company (SR)	14,323,714	43,241,813
Weighted average number of shares	25,230,000	25,200,000
Basic and diluted earnings per share (SR)	0.57	1.72
Reconciliation of weighted average number of shares		
Outstanding number of ordinary shares at beginning of period	25,500,000	25,500,000
Outstanding number of treasury shares	(270,000)	(300,000)
	25,230,000	25,200,000
<i>Diluted:</i>		
Profit for the period	14,323,714	43,241,813
Weighted average number of shares (diluted)	25,370,000	25,200,000
Diluted earnings per share (SR)	0.56	1.72
Reconciliation of weighted average number of shares (diluted)		
Weighted average number of ordinary shares (basic)	25,230,000	25,500,000
Effect of employee share awards vested	140,000	(300,000)
	25,370,000	25,200,000

27. SUBSEQUENT EVENTS

On 24 Shawwal 1444H corresponding to 14 May 2023, the Board of Directors proposed and approved the distribution of interim dividends to the Company's shareholders in an amount of Twelve million Six Hundred Twenty-One Thousand Two Hundred Fifty (SAR 12.6 million) Saudi Riyals from the Company's retained earnings for the three months period ended 31 March 2023G.

28. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved on 24 Shawwal 1444H (corresponding to 14 May 2023).