ALAMAR FOODS COMPANY
(A Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2023
together with the
INDEPENDENT AUDITOR'S REPORT

INDEX	**PAGES**

KPMG Professional Services
Roshn 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 روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of Alamar Foods Company ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material 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 2023, 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 International Code of Ethics for Professional Accountants (including International Independence Standards), that is 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 the Code's 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 period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

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

Impairment of property and equipment and right of use assets

See Note 3 to the consolidated financial statements for the accounting policy for impairment of non-financial assets and Note 6 and Note 7 to the consolidated financial statements for the related disclosures.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2023, the carrying value of property and equipment amounted to SR 183.4 million (2022: SR 180.7 million) and carrying value of right of use assets amounted to SR 176.4 million (2022: SR 208.9 million). 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. This included Involving our internal valuation specialists to assist us in evaluating certain assumptions used by management in the preparation of its discounted cash flow forecasts. − 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. − Assessed the adequacy of the related disclosures made by the management in the Group's consolidated financial statements.

Independent Auditor's Report

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

Right of use assets and lease liabilities	
See 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.	
The key audit matter	**How the matter was addressed in our audit**
As at 31 December 2023, the carrying value of right of use assets amounted to SR 176.4 million (2022: SR 208.9 million) and lease liabilities amounted to SR 194.5 million (2022: SR 225.8 million). 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 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 and Company's By-laws 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 fra ud 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, the 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.
- 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.

Independent Auditor's Report

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, 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, actions taken to eliminate threats or safeguards applied.

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

Saleh Mohammed S. Mostafa
License No: 524

Al Riyadh, 31 March 2024
Corresponding to: 21 Ramadan 1445H

كي بي إم جي للاستشارات المهنية
Lic No. 46
C.R. 1010425494
R : 1
ترخيص رقم ٤٦
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ALAMAR FOODS COMPANY
(A Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023
(Amount in Saudi Riyals)

	Note	**31 December 2023**	31 December 2022
ASSETS			
Property and equipment	*6*	**183,350,278**	180,698,644
Capital advances	*6.1*	**3,913,553**	7,387,255
Right of use assets	*7*	**176,371,400**	208,855,105
Goodwill	*31*	**22,818,531**	21,576,414
Other intangible assets	*8*	**11,468,255**	7,098,737
Equity-accounted investees	*9*	**1,397,186**	2,525,725
Advances for investments	*1*	**5,462,618**	-
Deferred tax assets	*10*	**565,451**	1,539,998
Non-current assets		**405,347,272**	429,681,878
Inventories	*11*	**80,354,767**	84,644,776
Trade and other receivables	*12*	**79,651,503**	82,084,061
Due from related parties	*13*	**3,524,311**	2,695,761
Cash and cash equivalents	*14*	**150,123,573**	162,091,339
Current assets		**313,654,154**	331,515,937
TOTAL ASSETS		**719,001,426**	761,197,815
EQUITY AND LIABILITIES			
Equity			
Share capital	*15*	**255,000,000**	255,000,000
Treasury shares	*15*	**(2,325,000)**	(2,700,000)
Statutory reserve	*16*	**25,766,788**	25,766,788
Employee stock plan reserve	*17*	**3,588,417**	3,800,000
Other reserve	*17*	**7,462,500**	3,360,000
Retained earnings		**58,946,526**	69,794,884
Foreign currency translation reserve	*3*	**(25,350,929)**	(20,438,230)
Equity attributable to owners of the Company		**323,088,302**	334,583,442
Non-controlling interest	*33*	**(2,711,020)**	(822,912)
Total equity		**320,377,282**	333,760,530
Lease liabilities	*18*	**121,621,649**	153,951,753
Employee benefits	*19*	**36,056,224**	37,956,752
Trade and other payables	*20*	**4,104,536**	4,682,766
Loans and borrowings		--	1,730,782
Deferred tax liabilities	*10*	**1,580,999**	1,170,597
Non-current liabilities		**163,363,408**	199,492,650
Lease liabilities	*18*	**72,848,755**	71,845,165
Employee benefits	*19*	**15,811,631**	22,200,784
Trade and other payables	*20*	**128,279,473**	125,244,424
Due to related parties	*13*	**4,176,827**	2,349,368
Current portion of loan and borrowings		**4,809,285**	3,199,340
Provision for zakat and income tax	*10*	**9,334,765**	3,105,554
Current liabilities		**235,260,736**	227,944,635
Total liabilities		**398,624,144**	427,437,285
TOTAL EQUITY AND LIABILITIES		**719,001,426**	761,197,815

The accompanying notes (1) to (37) form an integral part of these consolidated financial statements.
These consolidated financial statements shown on pages 6 to 55 was approved by the Board of Directors and signed on their behalf on 18 Ramadan 1445H (corresponding to 28 March 2024) by:

Ibrahim A. AlJammaz	**Filippo Sgattoni**	**Yaser AlMasri**
Chairman of Board	*Chief Executive Officer*	*Chief Financial Officer*

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ALAMAR FOODS COMPANY
(A Joint Stock Company)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2023
(Amount in Saudi Riyals)

	Note	**31 December 2023**	31 December 2022
Revenue	*21*	**991,655,015**	1,075,892,373
Cost of sales	*22*	**(698,651,264)**	(713,538,633)
Gross profit		**293,003,751**	362,353,740
Selling and distribution expenses	*23*	**(124,659,830)**	(112,282,749)
Administrative expenses	*24*	**(94,996,036)**	(115,236,094)
Other income	*25*	**15,693,005**	21,566,504
Reversal of impairment loss on trade and other receivables	*12*	**528,373**	809,070
Employees share plan compensation expense	*17*	**(6,768,217)**	(16,043,333)
Impairment loss on property and equipment	*6*	**(1,026,722)**	--
Operating profit		**81,774,324**	141,167,138
Share of loss from equity-accounted investee	*9*	**(1,566,271)**	(295,311)
Finance costs and bank charges	*26*	**(15,476,864)**	(18,623,572)
Finance income		**5,331,832**	1,349,569
Profit before zakat and tax		**70,063,021**	123,597,824
Zakat and income tax	*10*	**(13,477,839)**	(8,338,188)
Profit for the year		**56,585,182**	115,259,636
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement loss of employee defined benefit liabilities	*19*	**(28,341)**	(2,027,267)
Item that are reclassified subsequently to profit or loss:			
Foreign operations – foreign currency translation differences		**(5,409,965)**	(15,022,247)
Other comprehensive loss for the year		**(5,438,306)**	(17,049,514)
Total comprehensive income for the year		**51,146,876**	98,210,122
Profit attributable to:			
Owners of the Company		**57,976,024**	115,555,901
Non-controlling interests	*33*	**(1,390,842)**	(296,265)
		56,585,182	115,259,636
Total comprehensive income attributable to:			
Owners of the Company		**53,034,984**	98,736,979
Non-controlling interests	*33*	**(1,888,108)**	(526,857)
		51,146,876	98,210,122
Earnings per share			
Basic earnings per share	*34*	***2.29***	*4.58*
Diluted earnings per share	*34*	***2.28***	*4.57*

The accompanying notes (1) through (37) form an integral part of these consolidated financial statements.

ALAMAR FOODS COMPANY
(A Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023
(Amount in Saudi Riyals)

	Share capital	Treasury shares	Statutory reserve	Employees share plan reserve	Other reserve	Retained earnings	Foreign currency translation reserve	Total equity	Non-controlling interest	Total
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
Total comprehensive income for the year										
Profit for the year	--	--	--	--	--	115,555,901	--	115,555,901	(296,265)	115,259,636
Other comprehensive loss for the year	--	--	--	--	--	(2,024,054)	(14,794,868)	(16,818,922)	(230,592)	(17,049,514)
Total comprehensive income for the year	--	--	--	--	--	113,531,847	(14,794,868)	98,736,979	(526,857)	98,210,122
Transactions with owners of the Company										
Contribution from shareholders	--	--	--	--	--	16,148,301	--	16,148,301	--	16,148,301
Dividends (note 37)	--	--	--	--	--	(128,422,784)	--	(128,422,784)	--	(128,422,784)
Total transactions with owners of the Company	--	--	--	--	--	(112,274,483)	--	(112,274,483)	--	(112,274,483)
Equity settled share based payment		300,000	--	3,800,000	3,360,000	--	--	7,460,000	--	7,460,000
Transfer to statutory reserve (note 16)	--	--	11,525,964	--	--	(11,525,964)	--	--	--	--
Balance at 31 December 2022	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
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**
Total comprehensive income for the year										
Profit for the year	--	--	--	--	--	**57,976,024**	--	**57,976,024**	**(1,390,842)**	**56,585,182**
Other comprehensive loss for the year	--	--	--	--	--	**(28,341)**	**(4,912,699)**	**(4,941,040)**	**(497,266)**	**(5,438,306)**
Total comprehensive income for the year	--	--	--	--	--	**57,947,683**	**(4,912,699)**	**53,034,984**	**(1,888,108)**	**51,146,876**
Transactions with owners of the Company										
Dividends (note 37)	--	--	--	--	--	**(68,217,750)**		**(68,217,750)**	--	**(68,217,750)**
Total transactions with owners of the Company	--	--	--	--	--	**(68,217,750)**	--	**(68,217,750)**	--	**(68,217,750)**
Equity settled share based payment	--	**375,000**	--	**(211,583)**	**4,102,500**	--	--	**4,265,917**	--	**4,265,917**
Transfer to statutory reserve (note 16)	--	--	--	--	--	--	--	--	--	--
Other movements	--	--	--	--	--	**(578,291)**	--	**(578,291)**	--	**(578,291)**
Balance at 31 December 2023	**255,000,000**	**(2,325,000)**	**25,766,788**	**3,588,417**	**7,462,500**	**58,946,526**	**(25,350,929)**	**323,088,302**	**(2,711,020)**	**320,377,282**

The accompanying notes (1) through (37) form an integral part of these consolidated financial statements.

ALAMAR FOODS COMPANY
(A Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2023
(Amount in Saudi Riyals)

	Note	31 December 2023	31 December 2022
Cash flows from operating activities			
Profit for the year		**56,585,182**	115,259,636
Adjustments for:			
Zakat and income tax	*10*	**13,477,839**	8,338,188
Depreciation of property and equipment	*6*	**37,790,780**	35,855,344
Depreciation of right of use assets	*7*	**71,965,566**	73,829,210
Amortization of intangible assets	*8*	**2,633,479**	1,686,379
Reversal of loss on trade and other receivables	*12*	**(528,373)**	(809,070)
Impairment loss on property and equipment	*6*	**1,026,722**	--
Share of loss in equity-accounted investees	*9*	**1,566,271**	295,311
Employees share plan		**6,768,217**	16,043,333
Employee benefits expense	*19*	**7,722,601**	7,071,113
Interest expense of lease liabilities	*26*	**10,189,429**	12,915,274
Gain on modification of lease liability		**75,935**	(619,378)
Impairment loss on inventories	*11*	**109,705**	81,875
Loss on disposal of property and equipment	*25*	**13,891**	375,554
		209,397,244	270,322,769
Changes in:			
Inventories		**4,180,304**	(33,919,224)
Trade and other receivables		**2,382,640**	(10,111,632)
Due from related parties		**(828,550)**	8,138,623
Other employee benefits		**(14,701,954)**	(2,754,047)
Trade and other payables		**(1,788,399)**	12,599,490
Due to related parties		**1,827,459**	(140,035)
Cash generated from operating activities		**200,468,744**	244,135,944
Zakat and income tax paid	*10*	**(5,863,679)**	(12,216,337)
Employee benefits paid	*19*	**(4,187,628)**	(2,888,597)
Net cash generated from operating activities		**190,417,437**	229,031,010
Cash flows from investing activities			
Acquisition of property and equipment	*6*	**(47,956,741)**	(63,328,996)
Capital advances provided to suppliers	*6.1*	**3,473,702**	(7,387,255)
Acquisition of intangible assets	*8*	**(7,029,470)**	(5,788,585)
Proceeds from sale of property and equipment		**353,400**	2,386,740
Advances for investments		**(5,462,618)**	--
Net cash used in investing activities		**(56,621,727)**	(74,118,096)
Cash flows from financing activities			
Movement in loans and borrowings, net		**(120,837)**	721,837
Lease liabilities	*18*	**(66,078,115)**	(65,246,406)
Interest expense of lease liabilities	*18*	**(10,189,429)**	(12,915,274)
Dividends paid	*36*	**(68,217,750)**	(97,930,446)
Net cash used in financing activities		**(144,606,131)**	(175,370,289)
Net decrease in cash and cash equivalents		**(10,810,421)**	(20,457,375)
Net foreign currency differences		**(1,157,345)**	(8,018,545)
Cash and cash equivalents at 1 January		**162,091,339**	190,567,259
Cash and cash equivalents at 31 December	*14*	**150,123,573**	162,091,339
Supplemental information on non-cash items:			
Contribution from shareholders	*13*	**--**	16,148,301
Additions to right of use assets/ lease liabilities	*7,18*	**51,252,090**	85,171,008

The accompanying notes (1) through (37) 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 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 460 restaurants (31 December 2022: 439) under a Domino's franchisee agreement catering service for cooked and non-cooked food and fast food meals; and
ii) Administration and operation of 61 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.

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

Name of the Company	***Place of incorporation / Business***	***Principal activity***	***Date of acquisition***	***Effective holding percentage 31 December 2023***	***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 (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.

(c) During the year, the Company has made advances for certain ventures in the food sector which are currently under start up phase. Legal formalities related to the same are under process.

2. BASIS OF PREPARATION

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

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.

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. MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the accounting policies to all the periods presented in these consolidated financial statements, except if mentioned otherwise.

In addition the Group adopted Disclosure of Accounting Policies (Amendment to IAS1 and IFRS Practice Statement2) from 1 January 2023. The amendments require the disclosure of 'material' rather than 'significant' accounting policies. Although the amendments did not result in any changes to the accounting policy themselves, they impacted the accounting policy information disclosed in certain instances.

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. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

Investments in an equity accounted investees
The Group's interest in equity - accounted investees comprise interests in associatess.

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.

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

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.

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 the translation reserve, except to the extent that the translation difference is allocated to NCI. The translation reserve as at 31 December 2023 comprise all foreign currency differences arising from the translation of financial statements of foreign operations.

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
<u>Employee defined benefit liabilities</u>
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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Employee benefits (continued)

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.

<u>Short-term employee benefits</u>
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.

<u>Retirement benefits</u>
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.

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

<u>Current tax</u>
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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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:

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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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. MATERIAL 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, deposits held with banks and Murabaha certificates, 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. MATERIAL 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. MATERIAL 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.

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.

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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

<u>Measurement of ECLs</u>
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.

<u>Derecognition of financial assets</u>
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. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and 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, 2) derivative, 3) held-for-trading, or 4) 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.

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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Provisions (continued)

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.

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.

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 ` value.

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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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.

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.

Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

Dividends
Final dividends are recognised as a liability at the time of their approval by the General Assembly. Interim / proposed dividends are recorded as and when approved by the Board of Directors.

(Amount in Saudi Riyals)

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 2022 except for the adoption of the new standards which were effective on 1 January 2023.

Following are the new currently effective requirements which are effective for annual periods beginning after 1 January 2023. These requirements does not have any material impact in these consolidated financial statements.

Effective Date	New Standard or Amendments
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)
23 May 2023	International Tax Reform – Pillar Two Model rules – Amendments to IAS 12

Following are the forthcoming requirements to standards which are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted them in preparing these financial statements.

Effective Date	New Standard or Amendments
1 January 2024	Classification of Liabilities as Current or Non-current – Amendments to IAS 1
	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
	Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
1 January 2025	Lack of Exchangeability – Amendments to IAS 21
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 31)
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 31)
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 and equipment and right of use assets (notes 6 and 7)
An estimate of the useful lives and residual values of property 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 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 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	**--**	**391,353**	**24,245,397**	**2,398,195**	**16,678,594**	**3,127,970**	**1,115,232**	**47,956,741**
Transfers	**--**	**--**	**--**	**--**	**59,292**	**(59,292)**	**--**	**--**
Disposals	**--**	**--**	**(661,032)**	**(282,210)**	**(1,276,344)**	**(649,732)**	**(319,330)**	**(3,188,648)**
Effects of movement in exchange rates	**(379,205)**	**(225,006)**	**(2,639,045)**	**(538,808)**	**(2,939,646)**	**(348,026)**	**(192,729)**	**(7,262,465)**
At 31 December 2023	**1,521,159**	**1,855,604**	**224,788,268**	**20,928,784**	**154,565,688**	**31,479,051**	**8,459,961**	**443,598,515**
***Accumulated depreciation*:**								
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 year	**--**	**33,796**	**19,997,173**	**1,457,331**	**12,764,729**	**2,696,243**	**841,508**	**37,790,780**
Impairment	**--**	**--**	**1,026,722**	**--**	**--**	**--**	**--**	**1,026,722**
Transfers	**--**	**--**	**4,050**	**--**	**8,029**	**(8,029)**	**--**	**4,050**
Disposals	**--**	**--**	**(603,837)**	**(207,706)**	**(1,046,831)**	**(642,311)**	**(320,672)**	**(2,821,357)**
Exchange rates movements	**--**	**(25,391)**	**3,736**	**(126,593)**	**(857,481)**	**(33,637)**	**(106,835)**	**(1,146,201)**
At 31 December 2023	**--**	**342,300**	**119,367,639**	**14,476,512**	**95,551,952**	**24,445,504**	**6,064,330**	**260,248,237**
Net book value:								
At 31 December 2023	**1,521,159**	**1,513,304**	**105,420,629**	**6,452,272**	**59,013,736**	**7,033,547**	**2,395,631**	**183,350,278**
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

6.1 At 31 December 2023 an amount of SR 3.9 million (2022: SR 7.3 million) is capitalized and primarily relates to certain stores and head office assets improvements in progress.

(Amount in Saudi Riyals)

6. PROPERTY AND EQUIPMENT (CONTINUED)

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

	Note	**31 December 2023**	31 December 2022
Cost of sales	*22*	**35,030,933**	33,629,497
Selling and distribution expenses	*23*	**51,797**	69,813
Administrative expenses	*24*	**2,708,050**	2,156,034
		37,790,780	35,855,344

- **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 8.8% - 34.6% has been used (2022: 8% - 30%) and sales growth rate of (29)% - 35% has been used (2022: 1- 28%) 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 of 1%-2% (2022: 1% to 19%).

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: An additional impairment of SR 1.03 million is recorded during the year 2023 (Nil during the year 2022)

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

Region	**1 January 2023**	**Impairment for the year**	**31 December 2023**	**Recoverable amount of CGUs at 31 December 2023**
Jordan	223,105	17,924	241,029	2,200,152
Lebanon	42,200	7,800	50,000	--
UAE	-	66,146	66,146	105,685,834
Egypt	-	346,449	346,449	18,233,645
Qatar	-	423,705	423,705	28,719,614
Morocco	-	164,698	164,698	14,476,143
Total	**265,305**	**1,026,722**	**1,292,027**	**169,315,388**

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 in local currencies (average of next 5 years)**	
	2023	**2022**	**2023**	**2022**
Jordan	18.5%	12%	12.07%	3%
Lebanon	34.6%	30%	4.0%	5%
UAE	9.8%	8.3%	6.0%	5%
Egypt	29.1%	29.1%	14%	5%
Qatar	11.1%	12%	11.2%	4%
Morocco	10.7%	9.6%	9.9%	4%

(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 2022	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 rate movements	(22,868,189)	(410,953)	(23,279,142)
At 31 December 2022	351,824,766	49,021,494	400,846,260
At 1 January 2023	**351,824,766**	**49,021,494**	**400,846,260**
Contract modification	**281,993**	**-**	**281,993**
Additions	**45,782,313**	**5,469,777**	**51,252,090**
Disposals	**(41,595,888)**	**(7,129,006)**	**(48,724,894)**
Exchange rates movements	**(6,931,191)**	**370,942**	**(6,560,249)**
At 31 December 2023	**349,361,993**	**47,733,207**	**397,095,200**
Accumulated depreciation:			
At 1 January 2022	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
Disposals	(38,038,549)	(5,184,169)	(43,222,718)
Exchange rates movements	(9,797,019)	(249,685)	(10,046,704)
At 31 December 2022	174,599,409	17,391,746	191,991,155
At 1 January 2023	**174,599,409**	**17,391,746**	**191,991,155**
Contract modification	**-**	**-**	**-**
Charge for the year	**62,570,319**	**9,395,247**	**71,965,566**
Disposals	**(35,651,817)**	**(5,743,540)**	**(41,395,357)**
Exchange rates movements	**(2,013,458)**	**175,894**	**(1,837,564)**
At 31 December 2023	**199,504,453**	**21,219,347**	**220,723,800**
Net book values:			
At 31 December 2023	**149,857,540**	**26,513,860**	**176,371,400**
At 31 December 2022	177,225,357	31,629,748	208,855,105

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

	Note	**31 December 2023**	31 December 2022
Cost of sales	*22*	**59,925,535**	61,535,792
Selling and distribution expenses	*23*	**7,294,257**	7,014,513
Administrative expenses	*24*	**4,745,774**	5,278,905
		71,965,566	73,829,210

(Amount in Saudi Riyals)

8. OTHER INTANGIBLE ASSETS

	Software	Franchise rights	Total
Cost			
At 1 January 2022	21,575,258	4,063,684	25,638,942
Additions	5,788,585	--	5,788,585
Disposals	(8,990)	--	(8,990)
Reclassification	(2,840,591)	2,840,591	--
Transfers	--	(4,196,294)	(4,196,294)
Exchange rates movements	(448,360)	(1,122,047)	(1,570,407)
At 31 December 2022	**24,065,902**	**1,585,934**	**25,651,836**
Additions	**7,029,470**	**--**	**7,029,470**
Exchange rates movements	**(252,097)**	**267,230**	**15,133**
At 31 December 2023	**30,843,275**	**1,853,164**	**32,696,439**
Accumulated amortization			
At 1 January 2022	17,235,197	1,378,761	18,613,958
Amortization	1,674,916	11,463	1,686,379
Disposals	(2,551)	--	(2,551)
Reclassification	(1,597,770)	1,597,770	--
Transfers	--	(1,126,456)	(1,126,456)
Exchange rates movements	(309,109)	(309,122)	(618,231)
At 31 December 2022	**17,000,683**	**1,552,416**	**18,553,099**
Amortization	**2,622,199**	**11,280**	**2,633,479**
Exchange rates movements	**(43,847)**	**85,453**	**41,606**
At 31 December 2023	**19,579,035**	**1,649,149**	**21,228,184**
Net book values:			
At 31 December 2023	**11,264,240**	**204,015**	**11,468,255**
At 31 December 2022	7,065,219	33,518	7,098,737

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

	Note	**31 December 2023**	31 December 2022
Cost of sales	*22*	**1,363,293**	741,985
Selling and distribution expenses	*23*	**--**	2,084
Administrative expenses	*24*	**1,270,186**	942,310
		2,633,479	1,686,379

(Amount in Saudi Riyals)

9. EQUITY-ACCOUNTED INVESTEES

	31 December 2023	31 December 2022
Investment in Kasual + limited liability company ('formerly 2 in 1 Restaurants Company Limited') (note 9.1)	**--**	--
Alamar Foods for Restaurants management (note 9.2)	**13,404**	13,404
Alamar Foods Company LLC – Oman (note 9.3)	**1,383,782**	2,512,321
	1,397,186	2,525,725

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 agreed to dilute equity interest of 5% each from their existing ownership in favor of a new shareholder. 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.

9.1.2 During the year, the Group has recognized additional losses by a provision amounting to SR 2.2 million (2022: SAR 1.77 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'), a company incorporated in Kuwait, on 7 February 2019. Its principal activities include managing restaurants. The entity is not operational as of 31 December 2023.

9.3 The Group has a 30% investment in Alamar Foods Company LLC – Oman ('associate'), a company incorporated in Oman. The current carrying value of investment is SR 1.4 million (2022: SR 2.5 million). The principal activities of investee to establish and operate food service businesses and manufacture pizza.

10. ZAKAT AND TAXATION

	31 December 2023	31 December 2022
Zakat and income tax payable *(refer note 10.1)*	**9,334,765**	3,105,554
Deferred tax assets *(refer note 10.2)*	**565,451**	1,539,998
Deferred tax liabilities *(refer note 10.2)*	**1,580,999**	1,170,597

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

	31 December 2023	31 December 2022
Zakat and income tax charge for the current year	**7,217,922**	6,436,071
Prior years expenses	**4,874,968**	-
Deferred tax charge	**1,384,949**	1,902,117
	13,477,839	8,338,188

(Amount in Saudi Riyals)

10. ZAKAT AND TAXATION (CONTINUED)

2023	**Zakat**	**Income tax**	**31 December 2023**
Opening balance	**2,977,988**	**127,566**	**3,105,554**
Charge for the year	**7,217,922**	**--**	**7,217,922**
Charge for the prior years	**4,874,968**	**--**	**4,874,968**
Payments during the year	**(5,736,113)**	**(127,566)**	**(5,863,679)**
Closing balance	**9,334,765**	**--**	**9,334,765**

2022	Zakat	Income tax	31 December 2022
Opening balance	6,036,562	2,849,258	8,885,820
Charge for the year	5,605,611	3,495,319	9,100,930
Charge for the prior year	2,235	6,603	8,838
Tax credits for prior years	(2,673,697)	--	(2,673,697)
Payments during the year	(5,992,723)	(6,223,614)	(12,216,337)
Closing balance	2,977,988	127,566	3,105,554

10.2 Deferred tax

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

	31 December 2023	31 December 2022
Opening balance	**1,539,998**	3,652,008
Charge to profit or loss (refer i)	**(974,547)**	(2,112,010)
	565,451	1,539,998

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

	2023	2022
Deferred tax asset		
Origination of temporary differences	**565,451**	1,539,998

Deferred tax assets comprise of below:

	31 December 2023	31 December 2022
Property and equipment	**565,451**	1,539,998
	565,451	1,539,998

Deferred tax liability

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

	31 December 2023	31 December 2022
Opening balance	**1,170,597**	1,622,220
Charged to profit or loss (refer ii)	**410,402**	(451,623)
	1,580,999	1,170,597

(Amount in Saudi Riyals)

10. ZAKAT AND TAXATION (CONTINUED)

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

	2023	2022
Deferred tax liabilities		
Reversal of temporary differences	**1,580,999**	1,170,597

Deferred tax liabilities comprises of below:

	31 December 2023	31 December 2022
Property and equipment	**1,580,999**	869,497
Provisions	**--**	301,100
	1,580,999	1,170,597

Status of assessments of zakat and income tax

Zakat and income tax declaration up to and including the year ended 31 December 2023 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. During 2023, on the basis of GSTC level 2 ruling, the amount became payable to ZATCA and the same has been recorded as an expense accordingly.

During the period to 9 August 2022, the date of the IPO, Zakat and income tax was applicable on the Company on the basis of respective percentages of foreign and local shareholding.

The company is in the process of the Zakat & income tax inspection for years 2021:2022.

All subsidiaries are filing 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.

11. INVENTORIES

	31 December 2023	31 December 2022
Raw materials	**72,584,430**	77,727,993
Consumables and packaging material	**7,960,811**	6,915,606
Goods in transit	**1,106**	83,052
Provision for impairment loss	**(191,580)**	(81,875)
	80,354,767	84,644,776

Movement in impairment loss for the year is as follows:

	31 December 2023	31 December 2022
Balance at beginning of the year	**81,875**	--
Charge during the year	**109,705**	81,875
Balance at end of the year	**191,580**	81,875

(Amount in Saudi Riyals)

12. TRADE AND OTHER RECEIVABLES

	31 December 2023	31 December 2022
Trade receivables	**30,654,417**	28,070,758
Less: Impairment loss on trade receivables	**(3,782,764)**	(4,165,718)
Net receivables	**26,871,653**	23,905,040
Prepaid expenses	**27,400,069**	24,590,756
Advances to suppliers	**12,912,386**	15,004,967
Advances to employees	**2,887,450**	4,215,494
Other receivables	**10,936,233**	16,194,073
Less: Impairment loss on other receivables	**(1,356,288)**	(1,826,269)
	79,651,503	82,084,061

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

	31 December 2023	31 December 2022
Balance at beginning of the year	**5,991,987**	6,929,696
Exchange rates movements	**--**	(97,031)
Written off during the year	**(324,562)**	(31,608)
Reversal	**(528,373)**	(809,070)
Balance at end of the year	**5,139,052**	5,991,987

The Group measures the impairment loss 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 2023	**Not past due**	**<30**	**31-60**	**61-90**	**>90**	**Total**
Expected credit loss rate %	**5%**	**--**	**--**	**--**	**45%**	**12.3%**
Gross carrying amount	**20,082,028**	**1,672,638**	**1,630,114**	**1,173,308**	**6,096,329**	**30,654,417**
Lifetime ECL	**1,039,416**	**--**	**--**	**--**	**2,743,348**	**3,782,764**

	Trade receivables – Days past due					
31 December 2022	Not past due	<30	31-60	61-90	>90	Total
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

(Amount in Saudi Riyals)

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:

	31 December 2023	31 December 2022
Transactions with parent		
Contribution from shareholders	**-**	4,575,403
Payments (net of collections)	**600**	62,871,624
Dividends	**39,526,200**	74,120,913
Transactions with other shareholders		
Contribution from shareholders	**--**	11,572,898
Recharges	**--**	10,129,566
Payments (net of collections)	**--**	9,861,682
Dividends	**--**	28,693,280
Transactions with associate / joint venture investment		
Sales of goods and other assets	**7,801**	396,142
Purchases	**-**	15,354
Expenses	**303,804**	328,229
Royalty, Opening Fees and technology fees	**3,228,451**	3,916,116
Collections and payments	**2,023,983**	3,114,463
Financing	**-**	225,000
Other charges	**66,087**	59,676
Transactions with entities under common control		
Expenses	**510,673**	58,226
Other charges	**-**	23,990
Collections and payments	**298,050**	34,781
Transactions with other related parties		
Expenses	**4,308,566**	5,317,930
Collections and payments	**3,040,866**	5,179,706
Other charges	**344,536**	4,373

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

	Nature of relationship	**31 December 2023**	31 December 2022
Due from related parties			
Alamar Foods Company LLC, Oman	Associate company	**2,084,719**	1,267,170
Kasual Plus limited liability company*	Associate company	**234,586**	228,288
Alamar Foods For Restaurants Management WLL	Associate company	**4,703**	--
Yasmine Flower	Shareholder of subsidiary	**1,200,303**	1,200,303
		3,524,311	2,695,761

* This amount is net of provision for doubtful debts of SR 1.2 million (2022: SR 1.2 million).

(Amount in Saudi Riyals)

13. RELATED PARTIES INFORMATION (CONTINUED)

	Nature of relationship	31 December 2023	31 December 2022
Due to related parties			
AlJammaz Agriculture	Company under common control	**4,794**	47,200
Hakam El Abbes	Shareholder of subsidiary	**2,382,502**	2,208,648
Sovana Inc. USA	Others	**91,923**	3,276
Intermob	Others	**140,204**	75,815
Abdullah Ibrahim AlJammaz	Others	**--**	600
Abdulaziz and Abdullah AlJammaz for Travel & Tourism Company	Company under common control	**255,029**	--
Abdulaziz AlJammaz Heirs	Under common control	**1,302,375**	--
Alamar Foods For Restaurants Management WLL	Associate company	**--**	13,829
		4,176,827	2,349,368

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

	31 December 2023	31 December 2022
Short-term benefits	**19,545,627**	14,006,113
Employee stock plan	**6,768,217**	10,777,833
Post-employment benefits	**1,146,030**	1,267,880

14. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash on hand	**2,118,749**	3,602,131
Cash at bank	**52,528,824**	47,069,399
Murabaha return contracts (note 14.1)	**95,476,000**	111,600,000
Cash and cash equivalents – gross	**150,123,573**	162,271,530
Impairment loss	**-**	(180,191)
Cash and cash equivalents – net	**150,123,573**	162,091,339

14.1 Maturity dates are up to 3 months and average return of 5.32% per annum.

15. SHARE CAPITAL

15.1 Issued and fully paid capital

	31 December 2023	31 December 2022
25,500,000 shares of SR10 each	**255,000,000**	255,000,000
232,500 (2022: 270,000) treasury shares of SR 10 each	**2,325,000**	2,700,000

The authorized share capital of the Company is SR 255,000,000 (2022:SR 255,000,000) and the number of shares are 25,500,000 (2022: 25,500,000).

Holders of these shares are entitled to dividends from time to time and are entitled to one vote per share at general meetings of the Company.

(Amount in Saudi Riyals)

15. SHARE CAPITAL (CONTINUED)

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 2023:

The number of shares outstanding as at 1 January 2023	**25,230,000**
Employees stock plan vested shares	**37,500**
The number of shares outstanding as at 31 December 2023	**25,267,500**

The following is the number of treasury shares as at 31 December 2023:

The number of shares outstanding as at 1 January 2023	**270,000**
Employees stock plan vested shares	**(37,500)**
The number of shares outstanding as at 31 December 2023	**232,500**

16. STATUTORY RESERVE

In accordance with the Company's and Subsidiaries previous By-laws, 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. Further to the changes in the Companies Law effective January 2023, the Company in its extra ordinary general assembly meeting held on 28 December 2023 has amended article 49 related to profit distribution and accordingly no further transfer is made to statutory reserve.

17. 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 9 August 2022, 9 August 2023 and 31 December 2023.

(Amount in Saudi Riyals)

17. EMPLOYEE SHARE OPTION SCHEME (CONTINUED)

The Company recognized the following share-based compensation expense:

	31 December 2023	31 December 2022
Equity-settled	**5,101,717**	7,460,000
Cash-settled	**1,666,500**	8,583,333
	6,768,217	16,043,333

At 31 December 2023, the total carrying amount of the liabilities in respect of the cash settlement elements of the respective awards was SAR 5 million (2022: SAR 8.6). The total carrying amount of the employee share plan reserve in respect of the equity settlement elements of the respective awards was SAR 3.6 million (2022: SAR 3.8). The total carrying amount of other reserve which pertains to the vested potion of equity settled share based payment awards is SAR7.5 million (2022: 3.4 million).

The reconciliation of share based payment awards is as follows:

	31 December 2023	31 December 2022
Outstanding at 9 August opening / grant date	**127,500**	209,000
Vested during the period – cash settled	**(17,500)**	(51,500)
Vested during the period – equity settled	**(44,500)**	(30,000)
Outstanding as at 31 December	**65,500**	127,500

17.1 Employee stock plan reserve

Amounts are credited to this reserve against expense recorded in respect of equity accounted share based payments.

17.2 Other reserve

Amounts are transferred to this reserve from the employee stock plan reserve in respect of shares issued to the participants of the share based payment plan.

18. LEASE LIABILITIES

	31 December 2023	31 December 2022
Non-Current liabilities		
Lease liabilities	**121,621,649**	153,951,753
Current liabilities		
Current portion of lease liabilities	**72,848,755**	71,845,165

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

	31 December 2023	31 December 2022
Minimum lease payments		
Not later than one year	**92,645,968**	82,043,359
Later than one year and not later than five years	**106,037,179**	143,551,635
More than five years	**36,868,532**	30,871,261
	235,551,679	256,466,255
Less: future finance charges	**(41,081,275)**	(30,669,337)
Present value of minimum lease payments	**194,470,404**	225,796,918
Present value of minimum lease payments		
Not later than one year	**72,848,755**	71,845,165
Later than one year but not later than five years	**93,433,930**	129,533,175
More than five years	**28,187,719**	24,418,578
	194,470,404	225,796,918

(Amount in Saudi Riyals)

18. LEASE LIABILITIES (Continued)

Movement in lease liabilities during the year is as follows:

	Note	**31 December 2023**	31 December 2022
Balance on 1 January		**225,796,918**	227,035,252
Additions		**51,252,090**	85,171,008
Finance cost	26	**10,189,429**	12,915,274
Disposals		**(11,031,428)**	(508,987)
Payment made during the year		**(76,267,544)**	(78,161,680)
Modification		**(73,907)**	(1,111,784)
Exchange rate movements		**(5,395,154)**	(19,542,165)
Balance on 31 December		**194,470,404**	225,796,918

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 2023	31 December 2022
Non-current liability		
Defined benefit liability *(note 19.1)*	**35,154,446**	31,731,442
Employees stock plan liability	**-**	3,318,333
Others	**901,778**	2,906,977
	36,056,224	37,956,752
Current liabilities:		
Payroll and bonus	**1,158,128**	7,753,397
Employees stock plan liability	**4,984,833**	5,265,000
Accrued vacation	**5,762,808**	4,308,317
Accrued air ticket and iqama fee	**2,508,132**	3,380,592
Others	**1,397,730**	1,493,478
	15,811,631	22,200,784
	51,867,855	60,157,536

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.

(Amount in Saudi Riyals)

19. EMPLOYEE BENEFITS (CONTINUED)

19.1 Defined benefit liability (continued)

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.

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 2023**	31 December 2022
Balance at the beginning of the year	**31,731,442**	25,559,199
Current service cost	**6,601,894**	6,524,839
Interest cost	**1,120,707**	546,274
	7,722,601	7,071,113
Paid during the year	**(4,187,628)**	(2,888,597)
Actuarial loss arising from		
- Demographic assumptions	**11,283**	807,072
- Financial assumptions	**2,219**	158,758
- Experience adjustments	**14,839**	1,061,437
	28,341	2,027,267
Exchange rate movements	**(140,310)**	(37,540)
Balance at the end of the year	**35,154,446**	31,731,442

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 2023	31 December 2022
Average discount rate	**4.86%**	4.63%
Average rate of salary increases	**4.49%**	6.00%

All movements in the employee defined benefit liabilities are recognized in profit or loss except for the actuarial loss/gain 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.

(Amount in Saudi Riyals)

19. EMPLOYEE BENEFITS (CONTINUED)

	31 December 2023	31 December 2022
Increase in discount rate of 1%	**(315,941)**	(1,778,896)
Decrease in discount rate of 1%	**369,646**	2,020,110
Increase in rate of salary increase of 1%	**370,615**	2,113,945
Decrease in rate of salary increase of 1%	**(314,590)**	(1,900,487)

20. TRADE AND OTHER PAYABLES

	31 December 2023	31 December 2022
Non-Current liabilities		
Other long-term liabilities (note 20.1)	**4,104,536**	4,682,766
Current liabilities		
Trade payables	**69,714,265**	70,605,329
Accrued expenses	**37,693,551**	32,953,321
Deferred revenue (note 20.2)	**7,981,359**	11,606,279
Other payables	**12,890,298**	10,079,495
	128,279,473	125,244,424

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.

20.3 Other payables include additional losses against investment on Associate amounting to SR 2.2 million (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.

20.4 Other payables include dividends payable amounting to SR 0.3 million (2022: SR 0.83 million).

21. REVENUE

Revenue streams

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

	31 December 2023	31 December 2022
Sale of products from Domino's Pizza outlets	**910,779,964**	976,254,221
Sale of products from Dunkin Donuts outlets	**64,720,289**	82,353,660
Supply center sales	**16,154,762**	17,284,492
	991,655,015	1,075,892,373

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 2023	31 December 2022
Primary geographical markets		
Kingdom of Saudi Arabia	**663,477,112**	714,314,619
Other GCC and Levant	**212,380,980**	225,056,430
North Africa	**115,796,923**	136,521,324
Net revenue reported in note 33	**991,655,015**	1,075,892,373
Timing of revenue recognition		
Products transferred at a point in time	**991,655,015**	1,075,892,373

(Amount in Saudi Riyals)

22. COST OF SALES

	31 December 2023	31 December 2022
Direct materials	**291,655,991**	306,315,891
Salaries and other benefits	**173,618,328**	167,344,076
Depreciation:		
- Right of use assets (note 7)	**59,925,535**	61,535,792
- Property and equipment (note 6)	**35,030,933**	33,629,497
Royalties	**42,034,798**	45,772,869
Utilities	**31,703,647**	30,270,301
Maintenance	**7,836,202**	7,305,909
Rent expense	**15,509,082**	16,219,398
Cleaning material	**12,302,631**	11,786,052
Amortization of intangibles (note 8)	**1,363,293**	741,985
Other expenses	**27,670,824**	32,616,863
	698,651,264	713,538,633

23. SELLING AND DISTRIBUTION EXPENSES

	31 December 2023	31 December 2022
Advertising	**53,327,912**	47,837,464
Aggregator costs	**43,383,133**	37,461,405
Salaries and other benefits	**5,971,797**	7,561,689
Delivery	**6,270,214**	6,781,477
Storage expenses	**5,637,217**	4,453,120
Depreciation:		
- Right of use assets (note 7)	**7,294,257**	7,014,513
- Property and equipment (note 6)	**51,797**	69,813
Amortization of intangibles (note 8)	**-**	2,084
Rent expense	**1,203,549**	595,165
Other expenses	**1,519,954**	506,019
	124,659,830	112,282,749

24. ADMINISTRATIVE EXPENSES

	31 December 2023	31 December 2022
Salaries and other benefits	**57,984,771**	76,518,069
Legal and professional fees	**11,282,511**	10,323,929
Depreciation:		
- Right of use assets (note 7)	**4,745,774**	5,278,905
- Property and equipment (note 6)	**2,708,050**	2,156,034
Amortization of intangibles (note 8)	**1,270,186**	942,310
Rent expense	**192,158**	327,904
Travelling expenses	**2,346,888**	4,518,650
Utilities	**1,715,393**	1,750,157
Maintenance	**2,258,265**	1,803,281
Other expenses	**10,492,040**	11,616,855
	94,996,036	115,236,094

(Amount in Saudi Riyals)

25. OTHER INCOME

	31 December 2023	31 December 2022
Royalty and advertising	**12,365,186**	17,811,058
Development and store opening	**155,619**	736,485
Loss on disposal of property and equipment	**(13,891)**	(375,554)
Others	**3,186,091**	3,394,515
	15,693,005	21,566,504

26. FINANCE COSTS AND BANK CHARGES

	31 December 2023	31 December 2022
Bank charges and finance cost on loans and borrowings	**5,287,435**	5,708,298
Finance cost on lease liabilities	**10,189,429**	12,915,274
	15,476,864	18,623,572

No finance charges were capitalized during the period.

27. CAPITAL COMMITMENTS AND CONTINGENCIES

Capital commitments:
The Group had capital commitments of SR 18.15 million at the reporting date relating to property and equipment (31 December 2022: SR 24.9 million).

As at 31 December 2023, the Group has utilized balances of irrevocable letter of guarantees from local commercial bank amounting to SR 7.51 million (31 December 2022: SR 6.99 million).

Contingencies:
There were no contingencies as at 31 December 2023.

No material contingencies and commitments relates to equity accounted investees.

(Amount in Saudi Riyals)

28. 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 2023	31 December 2022
Financial assets		
Amortized cost		
Cash and cash equivalents	**150,123,573**	162,091,339
Trade and other receivables	**36,451,598**	38,272,844
Due from related parties	**3,524,311**	2,695,761
Financial liabilities		
Amortized cost		
Trade and other payables	**120,298,114**	113,638,145
Loan and borrowings	**4,809,285**	4,930,122
Lease liabilities	**194,470,404**	225,796,918
Employees payable	**15,811,631**	25,519,117
Due to related parties	**4,176,827**	2,349,161

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, EGP, JOR and BHD.

During 2023, the Egyptian pound recorded devaluation in rate against the SAR. As a result, currency translation adjustment has been recorded in relation to the translation of foreign operations in Egypt. The devaluation risk is ongoing and being closely monitored by the Group (see note 35).

During March 2024, Egyptian pound has further devalued which will impact the translation of the results of the Egypt subsidiary.

(Amount in Saudi Riyals)

28. 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 2023, In SR	**AED**	**EURO**	**USD**	**GBP**	**MAD**	**QAR**	**LBP**	**EGP**	**JOR**	**BHD**	**TOTAL**
Cash and bank balances	**7,479,471**	**104,614**	**5,084,399**	**4,166**	**296,868**	**1,726,505**	**431,611**	**9,384,745**	**100,961**	**1,061,163**	**25,674,503**
Trade and other receivables	**12,625,191**	**2,564,398**	**17,694,292**	**215,892**	**8,193,452**	**989,184**	**91,208**	**6,984,834**	**829,388**	**690,317**	**50,878,156**
Due from related parties	**1,205,006**	**--**	**2,084,719**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**3,289,725**
Trade payables and other payables	**(12,560,920)**	**(764,202)**	**(42,819,136)**	**--**	**(643,398)**	**(2,098,914)**	**(445,181)**	**(10,481,702)**	**(1,043,746)**	**(1,194,972)**	**(72,052,171)**
Due to related parties	**--**	**--**	**(91,923)**	**--**	**(2,522,706)**	**--**	**--**	**--**	**--**	**--**	**(2,614,629)**
Loan and borrowings	**--**	**--**	**--**	**--**	**(4,809,285)**	**--**	**--**	**--**	**--**	**--**	**(4,809,285)**
Total	**8,748,748**	**1,904,810**	**(18,047,649)**	**220,058**	**514,931**	**616,775**	**77,638**	**5,887,877**	**(113,397)**	**556,508**	**366,299**

As of 31 December 2022, *In SR*	AED	EURO	USD	GBP	MAD	QAR	LBP	EGP	JOR	BHD	TOTAL
Cash and bank balances	4,868,370	1,822,823	3,914,410	4,250	860,486	4,104,279	663,213	5,447,615	752,397	3,541,179	25,979,022
Trade and other receivables	13,993,123	796,556	10,388,587	106,813	6,292,939	1,053,805	25,578	7,683,607	558,460	666,409	41,565,877
Due from related parties	1,200,303	--	1,267,170	--	--	--	--	--	--	--	2,467,473
Trade payables and other payables	(29,591,079)	(1,478,842)	(16,124,405)	(235,849)	(6,120,642)	(2,380,103)	(251,056)	(13,672,650)	(947,837)	(1,689,398)	(72,491,861)
Due to related parties	--	--	(17,104)	--	(2,284,464)	--	--	--	--	--	(2,301,568)
Loan and borrowings	--	--	--		(4,930,122)	--	--	--	--	--	(4,930,122)
Total	(9,529,283)	1,140,537	(571,342)	(124,786)	(6,181,803)	2,777,981	437,735	(541,428)	363,020	2,518,190	(9,711,179)

(Amount in Saudi Riyals)

28. 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, EGP, JOR and BHD will lead to (decrease)/increase in the profit or loss as follows:

	31 December 2023	31 December 2022
AED	**874,875**	(952,928)
EUR	**190,481**	114,054
USD	**(1,804,765)**	(57,134)
GBP	**22,006**	(12,479)
MAD	**51,493**	(618,180)
QAT	**61,677**	277,798
LBP	**7,764**	15,385
EGP	**588,787**	(54,143)
JOD	**(11,340)**	36,302
BHD	**55,651**	251,819
	36,629	(999,506)

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

	2023	2022
AED	**1.02**	1.02
EUR	**4.14**	4.02
USD	**3.75**	3.75
GBP	**4.77**	4.54
MAD	**0.38**	0.3594
QAT	**1.03**	1.0302
LBP	**0.000042**	0.00009
EGP	**0.12**	0.1514
JOD	**5.29**	5.2891
BHD	**9.97**	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)

28. 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 2023

Details	**Interest Rate %**	**Carrying amount**	**Within one year SR**	**One year to five years SR**	**Over five years SR**	**Total SR**
Trade and other payables	Interest free	**128,279,473**	**128,279,473**	**-**	**-**	**128,279,473**
Due to related parties	Interest free	**4,176,827**	**4,176,827**	**-**	**-**	**4,176,827**
Employee benefits	Interest free	**51,867,855**	**15,811,631**	**36,056,224**	**-**	**51,867,855**
Loans and borrowings	3-6%	**4,809,285**	**4,809,285**	**-**	**-**	**4,809,285**
Lease liabilities	3-4%	**194,470,404**	**92,645,968**	**106,037,179**	**36,868,532**	**235,551,679**
		383,603,844	**245,723,184**	**142,093,403**	**36,868,532**	**424,685,119**

31 December 2022

Details	Interest Rate %	Carrying amount	Within one year SR	One year to five years SR	Over five years SR	Total SR
Trade and other payables	Interest free	113,638,070	113,638,070	-	-	113,638,070
Due to related parties	Interest free	2,349,368	2,349,368	-	-	2,349,368
Employee benefits	Interest free	25,519,117	22,200,784	3,318,333	-	25,519,117
Loans and borrowings	3-6%	5,133,546	3,280,321	1,853,225	-	5,133,546
Lease liabilities	3-4%	225,796,918	82,043,359	143,551,635	30,871,261	256,466,255
		372,437,019	223,511,902	148,723,193	30,871,261	403,106,356

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)

29. 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.

	Carrying	*Fair value*			*Total*
31 December 2023	*amount*	*Level 1*	*Level 2*	*Level 3*	
Financial assets not measured at fair value					
Cash and cash equivalents	**150,123,573**	-	-	-	**150,123,573**
Trade receivables	**30,654,417**	-	-	-	**30,654,417**
Due from related parties	**3,524,311**	-	-	-	**3,524,311**
Total	**184,302,301**	-	-	-	**184,302,301**
Financial liabilities measured at fair value					
Employees stock plan liability	**-**	**-**	**4,984,833**	**-**	**4,984,833**
Financial liabilities not measured at fair value					
Trade and other payables	**128,279,471**	-	-	-	**128,279,471**
Loan and borrowings	**4,809,285**	-	-	-	**4,809,285**
Lease liabilities	**194,470,404**	-	-	-	**194,470,404**
Employees payable	**51,867,855**	-	-	-	**51,867,855**
Due to related parties	**4,176,827**	-	-	-	**4,176,827**
Total	**383,603,842**	-	-	-	**383,603,842**

(Amount in Saudi Riyals)

29. FAIR VALUE OF THE FINANCIAL INSTRUMENTS (CONTINUED)

31 December 2022	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value					
Cash and cash equivalents	162,091,339	-	-	-	162,091,339
Trade receivables	38,272,844	-	-	-	38,272,844
Due from related parties	3,524,311	-	-	-	3,524,311
Total	203,888,494	-	-	-	203,888,494
Financial liabilities measured at fair value					
Employees stock plan liability	--	--	8,583,333	--	8,583,333
Financial liabilities not measured at fair value					
Trade and other payables	113,638,070	--	-	-	113,638,070
Loan and borrowings	4,930,122	-	-	-	4,930,122
Lease liabilities	225,796,918	-	-	-	225,796,918
Employees payable	16,935,784	-	-	-	16,935,784
Due to related parties	2,349,368	-	-	-	2,349,368
Total	363,650,262	-	--	-	363,650,262

30. 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 4.1 million (31 December 2022: SR 4.76 million).

31. GOODWILL

Movement in goodwill during the year is as follows:

	31 December 2023	31 December 2022
Balance at 1 January	**21,576,414**	24,762,215
Foreign currency translation	**1,242,117**	(3,185,801)
Balance at 31 December	**22,818,531**	21,576,414

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

	At Acquisition Date
Consideration transferred	26,258,883
NCI, based on their proportionate interest in the recognized amounts of the assets and liabilities	3,189,871
Identifiable net assets acquired	(6,254,650)
Goodwill	23,194,104

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.

Final goodwill is retranslated at rates prevailing at the reporting date and an impact of SR 1.2 Million for the period is recognized in foreign currency translation reserve.

(Amount in Saudi Riyals)

31. GOODWILL (CONTINUED)

Impairment testing for Goodwill

This relates to goodwill arisen on acquisition of HEA Trade & Services Company.

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 by SR 9.6 million.

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

Description	2023
Discount rate	10.7%
Terminal value growth rate (TVGR)	2.0%
Budgeted EBITDA growth rate (annual average of next five years)	30.0%

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.

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.

The table below illustrates the impact of a change to the discount rate and TVGR on the recoverable amount, all other inputs being equal:

	0.5% Increase	0.5% Decrease
Change in Discount rate impact on the recoverable amount	**(760,447)**	780,593
Change in TVGR impact on the recoverable amount	**1,844,451**	(1,643,967)

32. 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

(Amount in Saudi Riyals)

32. REPORTING SEGMENTS (CONTINUED)

Information about reportable segments:

2023	Reporting Segments			Total reportable segments
	Kingdom of Saudi Arabia	Other GCC and Levant	North Africa	
External revenue	663,477,112	214,248,592	113,929,311	991,655,015
Internal revenue	1,035,291	20,892,336	3,088,456	25,016,083
Segment revenue	664,512,403	235,140,928	117,017,767	1,016,671,098
External revenue as reported in note 21				
Major Products				
Domino's Pizza	647,848,901	211,854,429	51,056,356	910,759,686
Dunkin Donuts	-	-	64,720,289	64,720,289
Others	16,663,502	23,286,499	1,241,122	41,191,123
	664,512,403	235,140,928	117,017,767	1,016,671,098
Timing of revenue recognition				
Point in time	664,512,403	235,140,928	117,017,767	1,016,671,098
Segment profit before zakat and income tax	65,893,014	2,087,235	(5,201,386)	62,778,863
Interest expense, net	(5,630,006)	(4,925,378)	(4,921,480)	(15,476,864)
Finance income	5,331,832	--	--	5,331,832
Depreciation:				
- Property and equipment	(20,412,394)	(11,666,511)	(5,711,875)	(37,790,780)
- Right of use assets	(41,398,083)	(19,066,021)	(11,501,462)	(71,965,566)
Share of profits of equity-accounted investee	437,733	1,128,538	-	1,566,271
Segment non-current assets*	183,433,797	135,783,745	86,129,730	405,347,272
Segment assets	528,010,972	69,966,923	121,023,531	719,001,426
Segment liabilities	218,520,511	63,198,276	116,905,357	398,624,144

(Amount in Saudi Riyals)

32. REPORTING SEGMENTS (CONTINUED)

2022	Reporting Segments			Total reportable segments
	Kingdom of Saudi Arabia	Other GCC and Levant	North Africa	
External revenue	714,314,619	225,056,431	136,521,323	1,075,892,373
Internal revenue	875,922	27,482,748	1,826,704	30,185,374
Segment revenue	715,190,541	252,539,179	138,348,027	1,106,077,747
External revenue as reported in note 21	714,314,619	225,056,431	136,521,323	1,075,892,373
Major Products				
Domino's Pizza	697,347,714	224,738,844	54,167,663	976,254,221
Dunkin Donuts	--	--	82,353,660	82,353,660
Others	17,842,827	27,800,335	1,826,704	47,469,866
	715,190,541	252,539,179	138,348,027	1,106,077,747
Timing of revenue recognition				
Point in time	715,190,541	252,539,179	138,348,027	1,106,077,747
Segment profit before zakat and income tax	102,613,582	17,510,993	(2,638,355)	117,486,220
Interest expense, net	(5,949,079)	(4,770,693)	(6,554,229)	(17,274,001)
Depreciation:				
- Property and equipment	(19,223,785)	(9,997,582)	(6,633,977)	(35,855,344)
- Right of use assets	(41,421,071)	(18,774,069)	(13,634,070)	(73,829,210)
Share of profits of equity-accounted investee	(805,138)	509,827	--	(295,311)
Segment non-current assets*	201,635,190	118,100,450	87,259,698	406,995,338
Segment assets	553,598,915	306,185,645	121,107,646	980,892,206
Segment liabilities	233,512,351	235,600,609	108,909,953	578,022,913

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

(Amount in Saudi Riyals)

32. REPORTING SEGMENTS(CONTINUED)

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

i. Revenue:

	2023	2022
Total revenue for reportable segments	**1,016,671,097**	1,106,077,747
Elimination of inter-segment revenue	**(25,016,082)**	(30,185,374)
Consolidated revenue	**991,655,015**	1,075,892,373

ii. Profit before tax:

	2023	2022
Total profit before tax for reportable segments	**62,778,862**	117,486,220
Unallocated corporate items	**6,309,612**	6,111,604
Consolidated profit before zakat and tax	**69,088,474**	123,597,824

iii. Assets:

	2023	2022
Total assets for reportable segments	**973,007,278**	980,892,206
Elimination of inter-segment balances	**(254,005,852)**	(219,694,391)
Consolidated total assets	**719,001,426**	761,197,815

iv. Liabilities:

	2023	2022
Total liabilities for reportable segments	**583,736,627**	578,022,913
Elimination of inter-segment balances	**(185,112,483)**	(150,585,628)
Consolidated total liabilities	**398,624,144**	427,437,285

v. Other material items:

2023	**Reportable segments total**	**Consolidated**
Interest expense, net	**(10,189,429)**	**(10,189,429)**
Depreciation:		
- Property and equipment	**(37,790,780)**	**(37,790,784)**
- Right of use assets	**(68,158,080)**	**(68,158,080)**
Share of losses of equity-accounted investee	**(1,566,271)**	**(1,566,271)**

2022	Reportable segments total	Consolidated
Interest expense	(17,274,001)	(17,274,001)
Depreciation:		
- Property and equipment	(35,855,344)	(35,855,344)
- Right of use assets	(73,829,210)	(73,829,210)
Share of losses of equity-accounted investee	(295,311)	(295,311)

(Amount in Saudi Riyals)

33. 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 2023	**Alamar Jordan**	**HEA Trade and Services Company**	**Other markets**	**Other adjustments**	**Total**
NCI percentage	**25%**	**51%**			
Non-current assets	**9,627,295**	**37,232,902**	**144,562,038**		
Current assets	**2,105,751**	**10,937,126**	**70,563,483**		
Non-current liabilities	**(6,409,744)**	**(25,275,772)**	**(57,113,055)**		
Current liabilities	**(2,453,737)**	**(25,885,316)**	**(102,480,117)**		
Net assets	**2,869,565**	**(2,991,061)**	**55,616,833**		
Net assets attributable to NCI	**717,393**	**(1,525,441)**	**302,402**	**(2,205,374)**	**(2,711,020)**
Revenue	**14,410,094**	**38,620,974**	**278,235,290**		
Profit / (loss)	**(429,468)**	**(2,542,124)**	**3,490,637**		
OCI	**(870,055)**	**738,082**	**3,859,803**		
Total comprehensive income	**(1,299,523)**	**(1,804,042)**	**7,350,441**		
Profit / (loss) allocated to NCI	**(107,367)**	**(1,296,483)**	**13,008**		**(1,390,842)**
OCI allocated to NCI	**(217,514)**	**(257,058)**	**(22,694)**		**(497,266)**
					(1,888,108)
Cash flows from operating activities	**2,527,866**	**7,476,743**	**26,143,100**		
Cash flows from investment activities	**(1,127,328)**	**(2,629,080)**	**(12,218,350)**		
Cash flows from financing activities (dividends to NCI: nil)	**(1,223,775)**	**(4,375,603)**	**(11,615,107)**		
Net increase (decrease) in cash and cash equivalents	**176,763**	**472,060**	**2,309,643**		

31 December 2022	Alamar Jordan	HEA Trade and Services Company	Other markets	Other adjustments	Total
NCI percentage	25%	51%			
Non-current assets	10,147,387	32,198,509	159,984,619		
Current assets	2,763,825	11,475,191	63,705,847		
Non-current liabilities	(5,844,588)	(22,450,890)	(67,202,690)		
Current liabilities	(2,897,533)	(21,167,714)	(99,055,252)		
Net assets	4,169,091	55,096	57,432,524		
Net assets attributable to NCI	1,042,273	28,099	312,090	(2,205,374)	(822,912)
Revenue	17,457,766	35,936,240	313,673,262		
Profit / (loss)	1,267,757	(1,593,973)	20,574,893		
OCI	40	(3,596,825)	(11,425,434)		
Total comprehensive income	1,267,797	(5,190,798)	9,149,459		
Profit / (loss) allocated to NCI	316,939	(812,926)	199,722		(296,265)
OCI allocated to NCI	10	(202,417)	(28,185)		(230,592)
					(526,857)
Cash flows from operating activities	2,527,866	7,890,983	53,989,793		
Cash flows from investment activities	(1,127,328)	(2,677,560)	(24,925,688)		
Cash flows from financing activities (dividends to NCI: nil)	(1,223,775)	(4,735,786)	(24,863,885)		
Net increase (decrease) in cash and cash equivalents	176,763	477,637	4,200,220		

(Amount in Saudi Riyals)

34. 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 2023	31 December 2022
Basic:		
Profit attributable to ordinary shareholders	**57,976,024**	115,555,901
Weighted average number of ordinary shares	25,282,357	25,241,836
Basic earnings per share (SR)	**2.29**	4.58
Reconciliation of weighted average number of shares (basic)		
Shares outstanding at beginning of the year	25,500,000	25,500,000
Bonus shares issued during 2023 (note 15.1)		--
Weighted average number of treasury shares outstanding	(217,643)	(258,164)
	25,282,357	25,241,836
Diluted:		
Profit for the period	**57,976,024**	115,555,901
Weighted average number of shares (diluted)	25,410,000	25,292,137
Diluted earnings per share (SR)	**2.28**	4.57
Reconciliation of weighted average number of shares (diluted)		
Weighted average number of ordinary shares (basic)	25,282,357	25,241,836
Effect of employee share awards vested	127,643	50,301
	25,410,000	25,292,137

35. SUBSEQUENT EVENTS

On 15 Ramadan 1445H corresponding to 25 March 2024, the Board of Directors proposed and approved the distribution of interim dividends to the Company's shareholders of SR 0.4 per share which total Ten Million One Hundred Seven Thousand (SAR 10.1 million) from the Company's retained earnings for the year ended 31 December 2023.

During March 2024, Egyptian pound has further devalued which will impact the translation of the results of the Egypt subsidiary.

36. DIVIDENDS

On 4 Ramadan 1444H corresponding to 26 March 2023, the Board of Directors proposed and approved the distribution of interim dividends of SR 1/share 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.

On 24 Shawwal 1444H corresponding to 14 May 2023, the Board of Directors proposed and approved the distribution of interim dividends of SR 0.5/share to the Company's shareholders in an amount of Twelve million Six Hundred Twenty-One Thousand Two Hundred Fifty Riyals (SAR 12.6 million Saudi Riyals) from the Company's retained earnings for the three months period ended 31 March 2023.

On 23 Muharram 1445 H corresponding to 10 August 2023, the Board of Directors proposed and approved the distribution of interim dividends of SR 0.6/share to the Company's shareholders in an amount of Fifteen Million One Hundred Forty-Five Thousand Five Hundred (SAR 15.2 million) Saudi Riyals from the Company's retained earnings for the three months period ended 30 June 2023.

On 22 Rabi Al-Thani 1445 H corresponding to 6 November 2023, the Board of Directors proposed and approved the distribution of interim dividends of SR 0.6/share to the Company's shareholders in an amount of Fifteen Million One Hundred Seventy-Seven Thousand (SAR 15.2 million) Saudi Riyals from the Company's retained earnings for the three months period ended 30 September 2023.

37. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved on 18 Ramadan 1445H (corresponding to 28 March 2024).