ALMUNAJEM FOODS COMPANY
(A SAUDI JOINT STOCK COMPANY)

FINANCIAL STATEMENTS
AND
INDEPENDENTAUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2023

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023

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 Almunajem Foods Company

(A Saudi Joint Stock Company)

Opinion

We have audited the financial statements of **Almunajem Foods Company** (A Saudi Joint Stock Company) ("the Company"),which comprise the statement of financial position as at 31 December 2023, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Certified Public 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 Financial Statements section of our report. We are independent of the Company 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 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

Revenue recognition

With reference to Note (4) of the material accounting policies related to revenue from contracts with customers, as well as Note (14) related to disclosure of contracts with customers.

Key audit matter	How the matter was addressed in our audit
The Company's revenue for the year ended 31 December 2023 amounted to SAR 3,314 million (2022: SAR 2,979 million). Revenue is recognized in accordance with International Financial Reporting Standard 15 – Revenue from Contracts with Customers ("IFRS 15"). Revenue from sales is recognized when a customer obtains controls of the goods based upon acceptance and delivery of the goods to the customer and issuance of a sales invoice. Revenue is one of the key indicators for measuring the performance of the entity and there is an inherent risk that revenues may be overstated at more than its actual value in order to increase profitability. Therefore, revenue recognition has been considered as a key audit matter.	We have performed the following, among other audit procedures: - Assessed the Company's revenue recognition accounting policies for compliance with the requirements of IFRS 15. - Evaluated key contractual returns and rebates arrangements by considering relevant documentation and agreements with the Company's customers. - Recalculated discounts and rebates for a sample of customers based on the agreements. - Evaluated the design and implementation and tested the operating effectiveness of relevant controls (Including relevant IT general and application controls) over the revenue cycle, including anti-fraud controls. - Selected a sample of sales transactions taking place during the year and inspected the supporting documents to ensure they were recognized at the correct amounts. - Inspected a sample of sales transactions recorded before and after the year-end to assess whether revenue was recorded in the correct accounting period. - Performed variance analysis by comparing the current year's revenue with the historical trend, and discussed material variances, if any. - Assessed the adequacy of the relevant disclosures in accordance with the requirements of IFRS 15 included in the financial statements.

Independent Auditor's Report

To the Shareholders of Almunajem Foods Company (continued)

Key Audit Matters (continued)

Allowance for expected credit losses of trade receivables

With reference to Note (4) of the material accounting policy related to the recognition of expected credit loss, as well as Note (11) related to the disclosure of the expected credit loss.

Key audit matter	How the matter was addressed in our audit
As of 31 December 2023, the Company's gross trade receivables amounted to SAR 254.83 million (2022: SAR 260.2 million) against which a provision for expected credit losses of SR 3.8 million (2022: SAR 13.8 million) is established. The Company applies a simplified approach in calculating the expected credit losses (ECL) as required by International Financial Reporting Standard 9 – Financial Instruments ("IFRS 9") to calculate the provision for expected credit losses in respect of trade receivables. We considered this as a key audit matter as it involves complex calculations and the use of assumptions by management in addition to the materiality of the amounts of trade receivables involved.	We have performed the following, among other audit procedures: - Assessed the design, implementation, and operating effectiveness of the control around the assessment of expected credit loss for trade receivable. - Assessed the significant assumptions used, including loss rates and those related to future economic events that are used to calculate the expected credit loss allowance. - Tested the mathematical accuracy of the ECL model and tested the accuracy of the data used in the ECL model. - Involved our specialist in assessing the methodology applied by the management in the ECL model in accordance with the requirements of IFRS 9, tested the key assumptions used by management, and assessed the reasonable of impairment of trade receivables. - Assessed the adequacy of the relevant disclosures included in the financial statements.

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 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 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 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 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.

Independent Auditor's Report

To the Shareholders of Almunajem Foods Company (continued)

Responsibilities of Management and those charged with governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS 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, the Company's By-Laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report

To the Shareholders of Almunajem Foods Company (continued)

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

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 **Almunajem Foods Company** ("the Company").

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 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

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Lic No. 46
C.R. 1010425494
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KPMG
ترخيص رقم ٤٦
س.ت ١٠١٠٤٢٥٤٩٤
KPMG Professional Services

Fahad Mubark Aldossari
License No. 469

Riyadh on 9 Ramadan 1445H
Corresponding to: 19 March 2024G

ALMUNAJEM FOODS COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	Notes	***2023 SAR***	*2022 SAR*
ASSETS			
Non-current assets			
Property, plant, and equipment	8	**265,419,060**	272,307,365
Right-of-use assets	7	**42,293,830**	46,629,990
Intangible assets	9	**1,515,399**	1,521,585
Total non-current assets		**309,228,289**	320,458,940
Current assets			
Inventories	15	**569,156,460**	661,654,675
Trade receivables	11	**251,006,879**	246,382,666
Due from related parties	13-A	**10,536,453**	6,968,013
Prepayments and other assets	12	**175,901,345**	137,855,287
Cash and cash equivalent	10	**248,927,926**	111,029,404
Total current assets		**1,255,529,063**	1,163,890,045
TOTAL ASSETS		**1,564,757,352**	1,484,348,985
EQUITY AND LIABILITIES			
Equity			
Share capital	16-A	**600,000,000**	600,000,000
Statutory reserve	16-B	**96,818,580**	68,597,256
Actuarial valuation reserve		**(5,168,148)**	(4,972,434)
Retained earnings		**235,878,819**	236,886,901
Total equity		**927,529,251**	900,511,723
Non-current liabilities			
Lease liabilities	7	**37,014,636**	40,749,176
Employees' benefit obligations	17	**53,342,696**	48,263,214
Total non-current liabilities		**90,357,332**	89,012,390
Current liabilities			
Lease liabilities	7	**8,591,383**	8,205,016
Zakat payable	20	**19,541,041**	18,840,788
VAT payable		**23,585,712**	24,279,790
Trade payables, accruals, and other liabilities	18	**494,674,866**	443,487,711
Due to related parties	13-B	**477,767**	11,567
Total current liabilities		**546,870,769**	494,824,872
Total liabilities		**637,228,101**	583,837,262
TOTAL EQUITY AND LIABILITIES		**1,564,757,352**	1,484,348,985

Mohamed Salman Mahmoud CFO	Thamer Abdulaziz Abanumay CEO	Saleh Abdullah Almunajem Chairman

The attached notes 1 to 33 form part of these financial statements.

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ALMUNAJEM FOODS COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023

	Notes	***2023 SAR***	*2022 SAR*
Revenue	14	**3,314,403,329**	2,978,522,624
Cost of revenue	15	**(2,732,096,401)**	(2,395,262,627)
Gross profit		**582,306,928**	583,259,997
Selling and distribution expenses	21	**(260,628,267)**	(253,137,044)
General and administrative expenses	22	**(26,701,783)**	(25,421,159)
Impairment loss on financial assets	11	**(1,340,278)**	(2,658,491)
Other income	23	**8,003,155**	9,109,914
Operating profit		**301,639,755**	311,153,217
Finance cost	24	**(6,998,632)**	(2,927,596)
Finance income	24	**6,988,591**	1,007,500
Finance costs, net		**(10,041)**	(1,920,096)
Profit before zakat		**301,629,714**	309,233,121
Zakat	20	**(19,416,472)**	(19,031,300)
NET PROFIT FOR THE YEAR		**282,213,242**	290,201,821
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of employees' benefit obligations	17	**(195,714)**	573,198
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**282,017,528**	290,775,019
Earnings per share			
Basic and diluted earnings per share from net profit	26	**4.70**	4.84

Mohamed Salman Mahmoud CFO	Thamer Abdulaziz Abanumay CEO	Saleh Abdullah Almunajem Chairman

The attached notes 1 to 33 form part of these financial statements.

ALMUNAJEM FOODS COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023

	Share capital SAR	Statutory reserve SAR	Actuarial valuation reserve SAR	Retained earnings SAR	Total SAR
As at January 1, 2022	600,000,000	39,577,074	(5,545,632)	170,705,262	804,736,704
Profit for the year	-	-	-	290,201,821	290,201,821
Other comprehensive income	-	-	573,198	-	573,198
Total comprehensive income	-	-	573,198	290,201,821	290,775,019
Dividends (note 27)	-	-	-	(195,000,000)	(195,000,000)
Transfer to statutory reserve	-	29,020,182	-	(29,020,182)	-
As at December 31, 2022	600,000,000	68,597,256	(4,972,434)	236,886,901	900,511,723
Profit for the year	-	-	-	**282,213,242**	**282,213,242**
Other comprehensive loss	-	-	**(195,714)**	-	**(195,714)**
Total comprehensive income	-	-	**(195,714)**	**282,213,242**	**282,017,528**
Dividends (note 27)	-	-	-	**(255,000,000)**	**(255,000,000)**
Transfer to statutory reserve	-	**28,221,324**	-	**(28,221,324)**	-
As at December 31, 2023	**600,000,000**	**96,818,580**	**(5,168,148)**	**235,878,819**	**927,529,251**

Mohamed Salman Mahmoud
CFO

Thamer Abdulaziz Abanumay
CEO

Saleh Abdullah Almunajem
Chairman

The attached notes 1 to 33 form part of these financial statements.

ALMUNAJEM FOODS COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Notes	2023 SAR	2022 SAR
OPERATING ACTIVITIES			
Profit before zakat		**301,629,714**	309,233,121
Non-cash adjustments to reconcile profit before zakat to net cash flows from operatingactivities			
Depreciation of right-of-use assets	7	**8,057,423**	9,030,954
Depreciation of property, plant, and equipment	8	**27,532,737**	28,518,970
Amortization of intangible assets	9	**763,380**	1,388,530
Interest on lease liabilities	24	**3,010,297**	1,301,176
Interest on employees' benefit obligations	24	**2,456,315**	1,366,587
Interest charged on short term loans	24	**1,532,020**	259,833
Allowance for expected credit losses	11	**1,340,278**	2,658,491
Provision for spare parts and slow-moving items	15	**778,476**	500,000
Gain on disposal of property, plant, and equipment	23	**(8,255,740)**	(2,161,016)
Provision for employees' benefit obligations	17	**4,656,747**	4,462,705
		343,501,647	356,559,351
Change in Working capital:			
Trade receivables		**(5,964,491)**	(29,207,177)
Prepayments and other assets		**(29,775,022)**	20,106,810
Inventories		**91,719,739**	(175,657,136)
Trade payables, accruals, and other liabilities		**51,187,155**	86,129,340
VAT payable, net		**(694,078)**	(1,432,729)
Due to related parties		**466,200**	(185,143)
Due from related parties		**(3,568,440)**	3,103,124
		446,872,710	259,416,440
Finance costs paid		**(3,169,490)**	(1,243,826)
Employees' benefit obligations paid	17	**(2,229,294)**	(2,152,665)
Zakat paid	20	**(18,716,219)**	(14,992,822)
Net cash generated from operating activities		**422,757,707**	241,027,127
INVESTING ACTIVITIES			
Payments for purchase of property, plant, and equipment	8	**(24,036,909)**	(14,298,657)
Proceeds from disposal of property, plant, and equipment	8	**3,377,181**	2,369,912
Payments for purchase of intangible assets	9	**(757,194)**	-
Net cash used in investing activities		**(21,416,922)**	(11,928,745)
FINANCING ACTIVITIES			
Payment of lease liabilities	7	**(8,442,263)**	(8,594,411)
Proceeds from short-term loans	19	**30,000,000**	330,000,000
Repayment of short-term loans	19	**(30,000,000)**	(330,000,000)
Dividends paid	27	**(255,000,000)**	(195,000,000)
Net cash used in financing activities		**(263,442,263)**	(203,594,411)
Net change in cash and cash equivalent		**137,898,522**	25,503,971
Cash and cash equivalent at the beginning of the year	10	**111,029,404**	85,525,433
Cash and cash equivalent at the end of the year	10	**248,927,926**	111,029,404
Non-Cash transactions:			
Compensation for expropriation of land and a building	8	**8,271,036**	-
Right of use assets	7	**8,272,029**	7,227,340
Lease liability	7	**8,272,029**	7,227,340

Mohamed Salman Mahmoud	Thamer Abdulaziz Abanumay	Saleh Abdullah Almunajem
CFO	CEO	Chairman

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

1. ORGANISATION AND ACTIVITIES

Almunajem Foods Company (the "Company") is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia (KSA) under commercial registration numbered 1010231822, dated 7 Rabie Al Thani 1428H (corresponding to 24 April 2007). The registered address of the Company is located at Riyadh, P O Box 1544, Riyadh 11441, KSA.

The Company is a subsidiary of Abdullah Al Ali Almunajem Sons Company (the "Ultimate Parent") which is a Closed Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010000565 dated 11 Dhu Al-Qidah 1376H (corresponding to 10 June 1957). The registered address of the Parent is located at Riyadh, P O Box 2395, Riyadh 11451, KSA.

On 11 October 2020, the shareholders decided to go for an initial public offering "IPO". Also, the shareholders decided in their meeting dated 2 November 2020 to convert the Company from Limited Liability Company to a Closed Joint Stock Company. In addition, the Company's name was changed from "Almunajem Cold Stores Company" to "Almunajem Foods Company" (A Saudi Closed Joint Stock Company). Legal formalities were completed on 17 February 2021.

As of 20 December 2021, 30% of the company's shares were listed at Saudi Stock Exchange (Tadawul). Moreover,69.3 % of the Company is owned by a main shareholder (Abdullah Al Ali Almunajem Sons Company) and 0.7% by AlKafaa Real Estate Company.

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023).

The management is in the process of assessing the impact of the new Companies Law and will amend its Articles of Association for any changes.

The Company is engaged in the wholesale and retail trading of fruits, vegetables, cold and frozen poultry and meat, and caned, food products, through its following branches:

Commercial registration	*Branch location*
1131026002	Burieda
2050059043	Dammam
4030176226	Jeddah
5855030212	Khamis Mushait
4650046753	Madina
3550027505	Tabouk
3350031238	Hail
2250045420	Ahsa
4031067309	Makkah
4032032800	Taif
5900017953	Jizan
1010401313	Riyadh
1010465454	Riyadh
4030291805	Jeddah
1010653210	Riyadh
3400119907	Sakaka

2. BASIS OF PREPARATION

2.1 Statement of Compliance
These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arbia "KSA" and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (herein and after referred to as "IFRS as endorsed in KSA").

2.2 Judgments and Estimates
The preparation of financial statements in conformity with the IFRS as endorsed in KSA requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Refer to (Note 4).

2. BASIS OF PREPARATION (continued)

2.3 Basis of measurement

These financial statements have been prepared under the historical cost basis except for the employees' benefit obligations, which has been measured in accordance with the projected unit credit method.

2.4 Going concern.

The financial statements have been prepared on the going concern basis.

3. PRESENTATION AND FUNCTIONAL CURRENCY

The financial statements are presented in Saudi Riyals (SAR) which is the functional currency of the Company.

4. MATERIAL ACCOUNTING POLICIES

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

In addition, the Company adopted the Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from January 1, 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 policies themselves, they impacted the accounting policy information disclosed in certain instances.

4.1 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when:

(a) it expects to realise the asset, or intends to sell or consume it, in the entity's normal operating cycle.
(b) it holds the asset primarily for the purpose of trading.
(c) it expects to realise the asset within twelve months after the reporting date; or
(d) the asset is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for atleast twelve months after the reporting date.

All other assets are classified as non-current.
A liability is current when:

(a) it expects to settle the liability in the entity's normal operating cycle.
(b) it holds the liability primarily for the purpose of trading.
(c) the liability is due to be settled within twelve months after the reporting date; or
(d) the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after reporting date.

The Company classifies all other liabilities as non-current.

4.2 Operating Profit

Operating profit is the result generated from the continuing principal revenue- activities of the Company as well as other income and expenses to operating activities. operating profit excludes net finance costs, and zakat.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.3 Revenue from contracts with customers

The Company is in the business of wholesale and retail trading of fruits, vegetables, cold and frozen poultry and meat, bottled, food stuff.

Non-retail sales are related to sales to wholesale suppliers who typically buy in bulk and on the contrary, retail sales are related to sales to end customers.
The company also engaged in providing storage services through its clients.

The Company recognizes revenue according to IFRS 15, using the following five-step model:

Step 1: Identify the contract with the customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price	The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price	For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Revenue recognition	The Company recognizes revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of goods
Revenue is income arising from the sale of goods in the ordinary course of the Company’s activities, net of discounts and volume rebates and value added taxes. Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.
The company also engaged in providing storage services through its clients.

(i) Variable consideration
If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for sale of goods provides customers with a right to return the goods within a specified period and fixed and usable discounts, and rebates. The rights of return discounts, and rebates give rise to variable consideration which is netted of against revenue.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.3 Revenue from contracts with customers (continued)

Sale of goods (continued)

Rights of return
The Company uses the expected value method to estimate the variable consideration given the large number contracts that have similar characteristics. The Company then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in transaction price and recognised as revenue. A refund liability is recognised for the goods that are expected be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of revenue) is also recognised for the right to recover the goods from the customer.

Volume rebates
The Company applies the expected value method to estimate the variable consideration in the contract. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The expected value method is used for those with more than one volume threshold. The Company then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the expected future rebates (i.e., the amount not included in the transaction price). All volume rebates are treated as discounts and the customers pay the net amount after discount.

The disclosures of estimates and assumptions relating to the estimation of variable consideration for returns and volume rebates are provided in (note 5).

(ii) Trade receivables
A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section financial instruments.

(iii) Assets and liabilities arising from rights of return

Right of return assets
A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Company updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

Refund liabilities
A refund liability is recognised for the obligation to refund some, or all of the consideration received (or receivable) from a customer. The Company's refund liabilities arise from customers' right of return. The liability is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

4.4 Segmental reporting
An operating segment is a component: i) engaged in business activities from which it may earn revenue and incur expenses including revenue and expenses that relate to transactions with any of the Company's other components; ii) the results of its operations are continuously analyzed by chief operating decision maker in order to make decisions related to resource allocation and performance assessment; and iii) for which financial information is discretely available. Segment results that are reported to the chief operating decision maker and include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.5 Property, plant, and equipment

Property, plant, and equipment "PPE", except for freehold land and capital work-in-progress, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant, and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit or loss and other comprehensive income as an expense as incurred.

Freehold lands is stated at cost, and capital work-in-progress is stated at cost net of accumulated impairment, if any and represents all costs relating directly or indirectly to the acquisition or construction of assets where acquisition or construction is in progress and will be transferred to relevant category of property, plant, and equipment once completed.

The cost less estimated residual value of remaining property, plant, and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets, effective from the date when it was available for use, as follows:

Category of property, plant, and equipment	*Useful lives*
Buildings	33.3 years
Plant and equipment	5 to 10 years
Furniture and fixtures	4 to 10 years
Computers	5 years
Motor vehicles	5 to 8 years

An item of property, plant, and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income, in other income, when the asset is derecognised.

The residual values, useful lives, and methods of depreciation of property, plant, and equipment are reviewed at each financial year end and adjusted prospectively, as appropriate.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.6 Leases

Company as a lessee

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, and lease payments made at or before the commencement date less any lease incentives received. Right-of- use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Category of lease	***Lease term***
Land	20 years
Buildings and leasehold improvements	3 to 10 years
Motor vehicles	3 to 5 years

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) that depend on a rate.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Most of storage contracts are short term.

Company as a lessor
Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating lease is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss.

4.7 Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.8 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets.
The Company applies an annual rate of amortization of 5 years to its computers' software and accounted for on a straight- line basis.
An intangible asset is derecognized on disposal (i.e., at the date the recipient obtains control), or when no future economic benefits are expected from use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income in other income.

4.9 Financial instruments

i) Financial Instruments

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

Recognition of financial instruments
The financial asset and liability are recognized when the Company becomes a party to the contractual obligations of the instrument, and this generally occurs on the trade date. The Company derecognizes the financial assets when the contractual cash flows of those assets expire or when the Company transfers the right to obtain contractual cash flows from the financial asset in a transaction in which all the risks and rewards of ownership of the financial assets are substantially transferred. Any interest arising from the transferred financial assets that the Company creates or retains is recognized as a separate asset or liability.

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

The financial liability is derecognized from the statement of financial position when the Company pays the obligation arising, the contract is canceled or expired.

Impairment
The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.9 Financial instruments (continued)

i) Financial Instruments (continued)

Classification of financial instruments
The Company classifies its financial assets in the following measurement categories:

1)Assets to be measured at amortized cost; or

2) Fair value through profit or loss (FVTPL).

3) Fair value through other comprehensive income (FVOCI).

The classification depends on the Company's business model for managing financial assets and the contractual terms of the financial assets' cash flows.
Financial assets are not reclassified subsequently to initial recognition unless the Company changed business model for managing the financial assets. In such case, all affected financial assets are reclassified at the first day of the first financial period subsequent to business model change.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:
-is held within a business model whose objective is to hold assets to collect contractual cash flows;
and
-its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial measurement of investments in financial instruments that the Company does not hold for the trading purposes, the Company may elect to present any subsequent changes in the fair value of those investments in the statement of other comprehensive income. This election is made on an investment-by-investment basis.
Any other financial assets not classified and measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Financial assets at amortized cost
These assets are subsequently measured at amortized cost using the effective interest rate method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividends, are recognized in statement of profit or loss.

Accounts Receivable
Account receivable are non-derivative financial assets with fixed or determinable payments that are not listed in an active market and arise primarily by providing goods and services to customers (such as trade receivables). It also includes other types of contractual financial assets that are initially recognized at fair value plus direct costs associated with obtaining it, and they are subsequently recognized at amortized cost using the effective interest method less provision for impairment.
The trade receivables, recorded in a separate account after deducting the provision, are recognized in the statement of profit or loss and when their collectability is confirmed, their gross carrying amount is written off against their associated provision.

Reclassification

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

Offsetting of financial instruments

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

4. MATERIAL ACCOUNTING POLICIES (continued)

4.9 Financial instruments (continued)

i) Financial Instruments (continued)

Financial liabilities

Financial liabilities are classified as measured at amortized cost or at FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities 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. Any gain or loss on derecognition is also recognized in profit or loss.

<u>Trade payables and accruals</u>

Trade payables and other payables are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method. The Company derecognizes a financial liability (or part of the financial liability) from its statement of financial position when, and only when its contractual obligations are discharged or cancelled, or expired.

4.10 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank balances, and deposits with original maturities of three months or less, if any.

4.11 Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost includes expenditure incurred in acquiring the inventories, including other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Goods in transit

Goods-in-transit are goods for resale or finished goods or raw materials that have been shipped by a supplier but have not yet been received by the buyer. The Company recognizes goods-in-transit when it has control over the goods. Goods-in-transit are recorded at landed cost included freight and insurance, if any.

4.12 Impairment of non-financial assets

The Company assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating units (CGU's) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-zakat discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies, or other available fair value indicators.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.

Impairment losses of continuing operations are recognised in the statement of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset.

4. MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the assets or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

4.13 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-zakat rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed to the statement of profit or loss and other comprehensive income.

4.14 Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable are recorded in the financial statement under accounts payable and accruals. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

4.15 Zakat

Zakat is provided for in accordance with Saudi Arabian fiscal regulations. The provision is recognised in the statement of profit or loss and other comprehensive income. Zakat liability is estimated in the financial statements which is finally calculated at year end. Additional amounts, if any, that may become due on finalisation of an assessment are accounted for in the year in which assessment is finalized.

4.16 Withholding tax

The Company withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.17 Value added tax
Expenses and assets are recognised net of the amount of value added tax, except:
- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of value added tax included

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

4.18 Dividends distribution
The Company establishes the obligations related to paying the cash dividends to the Company's shareholders when approving the distribution and interim dividends are distributed in accordance with the authorization from the Shareholders' General Assembly to the Board of Directors. According to the Companies Law, dividends are approved upon approval by the shareholders. The corresponding amount is directly recognized in statement of change in equity.

4.19 Employees' defined benefit obligations
Defined employees' benefits plans
According to the Saudi Labor Law in the Kingdom of Saudi Arabia, the Company is required to pay end-of-service benefits (a defined benefit plan), which are calculated based on the half of the last month's salary of each year of the first five years of service, including the fractions of the year plus the full last month's salary for each year of the next or remaining service includes fractions of the year. End-of-service benefit plan is unfunded.
Valuation technique and key assumptions for the actuarial study
Under requirements of IAS 19 "Employees' benefits", end-of-service benefits obligations are calculated using the actuarial valuation and using the projected unit credit method at the end of each fiscal year. Gains or losses arising from the actuarial revaluation are recorded in the statement of comprehensive income for the period in which the revaluation occurred. The recognized remeasurement in OCI is immediately included under the retained earnings and is not included under profit or loss. Past service cost is calculated in profit or loss during the plan amendment period. The interest is calculated using the discount rate at the beginning of the period, on the employees' defined benefits obligations.
The current service cost of the defined benefit plan is recognized in the statement of profit or loss under employee's benefits expense, to reflect the increase in the liability resulting from employee services for the current year and cases of change, curtail or settlement of benefits. The cost of services for previous years is included immediately in the statement of profit or loss.
Actuarial gains and losses resulting from adjustments and changes in actuarial assumptions are charged and included in the equity in the statement of other comprehensive income in the period in which they arise. Defined benefit costs are classified as follows:
-Service cost (including current service costs and past service costs, in addition to gains and losses resulting from employees' promotions and reimbursements).
-Interest cost, and
-Re-measurement.

Short-term employees' benefits
The liability is recognized and measured for benefits related to wages, salaries, annual leave and sick leave xxin the period in which the service is provided on the undiscounted amounts of the benefits expected to be paid in exchange for those services.

4.20 Statutory reserve
As required by Saudi Arabian Regulations for Companies, the Company sets aside 10% of its net profit in each year until it has built up a reserve equal to 30% of the capital. The reserve is not available for distribution.

4.21 Foreign currency transactions
Transactions in foreign currencies are recorded in Saudi Riyals at the rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. Differences arising on settlement or translation of monetary items are recognised in cost of sales. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

4.22 General and administrative and selling, disruption expenses
General and administrative and selling, disruption expenses include direct and indirect costs not specifically part of cost of revenues. Allocations between general and administrative and selling, disruption expenses and cost of revenues, when required, are made on a consistent basis.

5. ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods. Revisions to accounting estimates are recognised in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

a) Judgements
In the process of applying the Company's accounting policies, management has not made any judgements apart from those involving estimation, which has the most significant effect on the amounts recognised in the financial statements.

- **Determining *the lease term of contracts with renewal and termination options – Company as lessee***
The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Company included the renewal period as part of the lease term for leases of two buildings.The Company typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of land and buildings with longer non-cancellable periods are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Company typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Leases - Estimating the incremental borrowing rate
The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

b) Assumptions and estimation uncertainties.
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material difference in the carrying amounts of assets and liabilities within the next financial period, are presented below. The Company used these assumptions and estimates on the basis available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Provision for expected credit losses of trade receivables
The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

5. ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS (continued)

Impairment of non-financial assets
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 of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the Cash Generating Unit ("CGU") being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Provisions
By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on an estimate of the costs, taking into account legal advice and other information presently available. Provisions for termination benefits and exit costs, if any, also involve management's judgment in estimating the expected cash outflows for severance payments and site closures or other exit costs. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

Economic useful lives of property and equipment and intangible assets
The useful lives of property, plant and equipment and intangible assets are estimated based on its economic and intangible assets and on the collective assessment of industry practice and experience with similar assets. The estimated useful lives of the property, plant and equipment and intangible assets are reviewed at each reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence. It is possible, however, that future financial performance could be materially affected by changes in the estimates brought about by changes in any of the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Revenue recognition - Estimating variable consideration for returns and volume rebates.
The Company estimates variable considerations to be included in the transaction price for the sale of the products with rights of return and volume rebates.

The Company has developed a statistical model for forecasting sales returns. The model uses the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Company.

The Company's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

The Company applied the statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebates entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Company.

The Company updates its assessment of expected returns and volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Company's past experience regarding returns may not be representative of customers' actual returns in the future.

Defined benefit plans
The cost of the defined benefit plan and the present value of the obligation is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

5. ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS (continued)

Defined benefit plans (continued)
The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AAA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for Saudi Arabia. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and increases are based on expected future inflation rates for Saudi Arabia.

Fair value measurement of financial instruments
When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE AND OTHER AMENDMENTS

There are no new standards issued. However, there are a number of amendments to standards that are effective from January 1, 2023. These do not have a significant impact on the financial statements.

Effective for annual periods beginning on or after	**New standards and amendments**
January 1, 2023	IFRS 17 Insurance Contracts.
	Classification of Liabilities as Current or Non-current – Amendments to IAS 1 Presentation of Financial Statements.
	Definition of Accounting Estimates – Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes.
	International Tax Reform—Pillar Two Model Rules – amendments to IAS 12.

There are standards issued but not yet effective as following:
The Company has not early adopted the following new and revised IFRSs that have been issued but are not yet effective:

Effective for annual periods beginning on or after	**New standards and amendments**
January 1, 2024	Non-Current Liabilities with Covenant - Amendments to IAS 1 and Classification of Liabilities as Current or Non-current - Amendments IAS1.
	Lease Liability in a Sale and Leaseback-Amendments to IFRS 16.
	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.
January 1, 2025	Lack of Exchangeability – Amendments to IAS 21.
Available for optional adoption/ effective date deferred indefinitely	Sale or contribution of assets between the investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28).

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

7. LEASES

The Company has lease contracts for buildings, land and motor vehicles used in its operations. Generally, the Company is restricted from assigning and subleasing the leased assets.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Buildings	*Land**	*Motor vehicles*	*Total*
As at 1 January 2022:	8,249,099	28,105,029	12,079,476	**48,433,604**
Additions	1,445,815	-	5,781,525	**7,227,340**
Depreciation expense	(1,893,042)	(1,564,794)	(5,573,118)	**(9,030,954)**
At 31 December 2022	7,801,872	26,540,235	12,287,883	**46,629,990**
Adjustments **	(293,875)	(3,192,328)	(59,191)	**(3,545,394)**
Additions	3,877,965	-	4,394,064	**8,272,029**
Depreciation expense	(2,021,360)	(1,376,785)	(5,664,650)	**(9,062,795)**
Balance at 31 Dec 2023	9,364,602	21,971,122	10,958,106	**42,293,830**

* This includes a lease contract with a shareholder. Refer to (note 13) for further details on related parties' transactions and balances.

Set out below are the carrying amounts of lease liabilities recognized and the movements during the year:

	2023	*2022*
As at 1 January	**48,954,192**	50,102,840
Adjustments **	**(3,179,891)**	-
Additions	**8,272,029**	7,227,340
Interest (note 24)	**1,639,422**	1,301,176
Payments	**(10,079,733)**	(9,677,164)
As at 31 December	**45,606,019**	48,954,192
Current	**8,591,383**	8,205,016
Non-Current	**37,014,636**	40,749,176
	45,606,019	48,954,192

** The effect of adjustments was allocated in the statement of profit or loss and other comprehensive income between the depreciation charge of the right-of-use assets and the interest on lease liabilities with the amount of SAR 1.01 million and SAR 1.37 million, respectively.

The classification of lease repayment is divided into capital repayment of lease liability of SAR 8,442,263 (2022: SAR 8,594,411) as a cash flow from financing activities and finance cost paid of SAR 1,637,470 (2022: SAR 1,301,176) as a cash flow from operating activities.

The following are the amounts recognized in profit or loss:

	2023	*2022*
Depreciation of right-of-use assets allocated to selling and distribution expenses	**7,278,966**	8,225,321
Depreciation of right-of-use assets allocated to general & administrative expenses	**745,497**	772,470
Depreciation of right-of-use assets allocated to cost of revenue	**32,960**	33,163
Interest expense on lease liabilities (note 24)	**3,010,297**	1,301,176
Expense relating to short-term leases (note 21)	**3,229,706**	1,423,032
The total amount recognized in profit or loss	**14,297,426**	11,755,162
Total cash out flow	**13,309,439**	11,100,196
Repayment of lease liability	**10,079,733**	9,677,164
Repayment for short term lease	**3,229,706**	1,423,032

The Company has two lease contracts that include extension options. This option is negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs.

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

8. PROPERTY, PLANT, AND EQUIPMENT

	Freehold Land	Buildings	Plant and equipment	Furniture and fixtures	Computers	Motor vehicles	Capital work in progress	Total
Cost:								
At January 1, 2022	72,462,268	186,288,157	134,681,942	22,357,079	13,886,888	106,944,921	-	536,621,255
Additions	-	373,569	3,377,856	2,261,468	1,107,886	5,790,884	1,386,994	14,298,657
Disposals	-	-	(969,232)	(106,844)	(216,239)	(8,935,050)	-	(10,227,365)
At December 31, 2022	72,462,268	186,661,726	137,090,566	24,511,703	14,778,535	103,800,755	1,386,994	540,692,547
Additions	**-**	**1,692,409**	**9,824,160**	**2,154,341**	**887,386**	**8,892,808**	**585,805**	**24,036,909**
Transfers	**-**	**239,566**	**966,008**	**67,670**	**113,750**	**-**	**(1,386,994)**	**-**
Write-off	**-**	**-**	**(2,153,727)**	**(4,193,645)**	**(424,769)**	**(1,212,300)**	**-**	**(7,984,441)**
Disposals*	**(1,075,450)**	**(4,533,461)**	**(50,200)**	**(76,587)**	**(13,694)**	**(9,536,778)**	**-**	**(15,286,170)**
At December 31, 2023	**71,386,818**	**184,060,240**	**145,676,807**	**22,463,482**	**15,341,208**	**101,944,485**	**585,805**	**541,458,845**
Depreciation:								
At January 1, 2022	-	51,726,660	95,551,020	14,124,801	11,438,403	77,043,797	-	249,884,681
Charge for the year	-	5,599,501	10,109,208	1,732,064	908,491	10,169,706	-	28,518,970
Disposals	-	-	(969,223)	(84,634)	(213,782)	(8,750,830)	-	(10,018,469)
At December 31, 2022	-	57,326,161	104,691,005	15,772,231	12,133,112	78,462,673	-	268,385,182
Charge for the year	**-**	**5,516,904**	**9,359,266**	**1,805,181**	**935,587**	**9,915,799**	**-**	**27,532,737**
Write-off	**-**	**-**	**(2,151,756)**	**(4,149,293)**	**(424,452)**	**(1,212,200)**	**-**	**(7,937,701)**
Disposals *	**-**	**(2,877,194)**	**(14,532)**	**(71,641)**	**(12,036)**	**(8,965,030)**	**-**	**(11,940,433)**
At December 31, 2023	**-**	**59,965,871**	**111,883,983**	**13,356,478**	**12,632,211**	**78,201,242**	**-**	**276,039,785**
Net book value:								
At December 31, 2023	**71,386,818**	**124,094,369**	**33,792,824**	**9,107,004**	**2,708,997**	**23,743,243**	**585,805**	**265,419,060**
At December 31, 2022	72,462,268	129,335,565	32,399,561	8,739,472	2,645,423	25,338,082	1,386,994	272,307,365

*This item includes the disposal of land and buildings in the city of Jeddah as a result of expropriation, with a net book value of SAR 2.7 million as at December 31, 2023.

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

8. PROPERTY, PLANT, AND EQUIPMENT (continued)

a) Buildings with net book value amounting to SAR 23.8 million (December 31, 2022: SAR 24.6 million) are constructed on land leased from a related party under long-term lease for a period of 20 years from January 1, 2020.

b) Building with a net book value amounting to SAR 14.03 million (December 31, 2022: SAR 12.9 million) is constructed on land leased from Saudi Industrial Property Authority (Modon) for a period of 20 years from March 26, 2018 (corresponding to 9 Rajab 1439 H). The Company has the option of renewing the lease agreement on the expiry of the initial lease term based on the new terms and conditions to be agreed on that time.

Depreciation charge for the year is allocated as follows:

	2023	2022
Cost of revenue	**3,611,790**	3,911,406
Selling and distribution expenses (note 21)	**23,539,496**	24,173,845
General and administrative expenses (note 22)	**381,451**	433,719
	27,532,737	28,518,970

9. INTANGIBLE ASSETS

	Computer software
Cost:	
At January 1, 2022	24,312,983
Additions	-
At December 31, 2022	24,312,983
Additions	**757,194**
At December 31, 2023	**25,070,177**
Accumulated amortization:	
At January 1, 2022	21,402,868
Charge for the year	1,388,530
At December 31, 2022	22,791,398
Charge for the year	**763,380**
At 31 December 2023	**23,554,778**
Net book value:	
At December 31, 2023	**1,515,399**
At December 31, 2022	1,521,585

Amortization charge for the year is allocated as follows:

	2023	2022
General and administrative expenses (note 22)	**639,756**	1,156,672
Selling and distribution expenses (note 21)	**123,624**	231,858
	763,380	1,388,530

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

10. CASH AND CASH EQUIVALENT

	2023	2022
Cash at banks	**137,092,371**	65,798,554
Short term deposits *	**110,000,000**	40,000,000
Cash on hand	**1,835,555**	5,230,850
	248,927,926	111,029,404

At December 31, 2023, the Company had available SAR 500,000,000 (31 December 2022: SAR 290,000,000) of borrowing facilities.

* Cash and cash equivalent include Murabaha Islamic short-term deposits with a maturity period within three months.

11. TRADE RECEIVABLES

	2023	2022
Trade receivables	**254,826,242**	260,164,096
Less: Allowance for expected credit losses	**(3,819,363)**	(13,781,430)
	251,006,879	246,382,666

Terms and conditions of the above financial assets:
Trade receivables are non-interest bearing and are generally on terms from 15 to 60 days. It is not the practice of the Company to obtain collateral over receivable.

The movement in the allowance for expected credit losses is as follows:

	2023	*2022*
Opening balance	**13,781,430**	11,131,637
Provided during the year	**1,340,278**	2,658,491
Write-off *	**(11,302,345)**	(8,698)
Closing balance	**3,819,363**	13,781,430

* The Board of Directors in their meeting dated August 15, 2023, approved to write-off certain balances which were 100% provided for in prior years.

Please refer to (note 25.2) for information about the credit risk exposure on the Company's trade receivables using a provision matrix.

12. PREPAYMENTS AND OTHER ASSETS

	2023	*2022*
Advance to a related party *	**147,582,501**	115,599,815
Prepayments	**13,789,491**	12,486,367
Accrued compensation (Note 23)	**8,271,036**	-
Advances to suppliers and contractors	**3,601,741**	6,882,726
Right of return assets	**1,049,728**	1,155,481
Employee receivables	**998,570**	873,359
Others	**608,278**	857,539
	175,901,345	137,855,287

*This amount represents advance payments to France Poultry (a subsidiary to the parent Company) for future deliveries of retail products. Refer (note 13).

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

13. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent major shareholders, director, and key management personnel of the Company and entities controlled, jointly controlled, or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Transactions with related parties included in the financial statements are as follows:

2023	***Relationship***	***Sales***	***Purchases***	***Expenses***	***PPE purchase/ Selling***
France Poultry	Affiliate	**-**	**545,935,099**	**-**	**-**
Shawaya House Company	Affiliate	**30,879,098**	**-**	**205,732**	**-**
Gulf Catering Company	Affiliate	**7,609,468**	**-**	**607,613**	**-**
Nutrition and Diet Center Company	Affiliate	**5,351,440**	**5,639,948**	**971,539**	**-**
Az-Zad Saudi Company	Affiliate	**475,754**	**-**	**137,081**	**-**
Thati Limited Company	Affiliate	**9,270**	**-**	**33,074**	**-**
Bureida Trading and Refrigeration Company	Affiliate	**-**	**-**	**158,901**	**3,476,500**
Al-Kafa'a Real State Company	Affiliate	**-**	**-**	**890,032**	**-**
Abdullah Al Ali Almunajem Sons Company	The parent company	**-**	**-**	**2,474,579**	**-**
Four Steps International	Owned by a member of the BOD	**-**	**-**	**105,000**	**-**
Others	Shareholder in the parent company	**-**	**-**	**23,300**	**-**

2022	***Relationship***	*Sales*	*Purchases*	*Expenses*	*PPE purchase/ Selling*
France Poultry	Affiliate	-	571,576,751	-	-
Shawaya House Company	Affiliate	26,181,815	-	121,592	-
Gulf Catering Company	Affiliate	12,847,705	-	663,317	-
Nutrition and Diet Center Company	Affiliate	5,882,477	3,866,113	1,323,651	-
Az-Zad Saudi Company	Affiliate	533,522	-	15,718	-
Thati Limited Company	Affiliate	265,563	-	39,714	-
Bureida Trading and Refrigeration Company	Affiliate	-	-	243,956	2,336,700
Al-Kafa'a Real State Company	Affiliate	-	-	728,509	-
Abdullah Al Ali Almunajem Sons Company	The parent company	-	-	1,167,951	-
Four Steps International	Owned by a member of the BOD	-	-	98,500	-
Others	Shareholder in the parent company	-	-	46,600	-

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

13. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Due from and due to related parties balances relate to intercompany trading account in relation to sales and purchases transactions with the related parties.
Related parties balances included in the statement of financial position are as follows:

a) Due from related parties

	Relationship	2023	2022
Shawaya House Company	**Affiliate**	**6,752,516**	2,314,984
Gulf Catering Company	**Affiliate**	**2,223,642**	4,309,310
Nutrition and Diet Center Company	**Affiliate**	**1,529,993**	229,986
Az-Zad Saudi Company	**Affiliate**	**30,302**	32,591
Bureida Trading and Refrigeration Company	**Affiliate**	**-**	70,577
Thati Limited Company	**Affiliate**	**-**	10,565
		10,536,453	**6,968,013**

The above balances are unsecured, interest-free, and settlement term within 30-45 days. The management estimates the allowance on due from the related party balance at the reporting date at an amount equal to lifetime ECL. No receivable balances from related parties at the reporting date are past due, taking into account the historical default experience and the future prospects of the industries in which the related parties operate. Management considers that related party balances are not impaired. There has been no change in estimation techniques or significant assumptions made during the current reporting period in assessing the allowances for balances due from related parties.

b) Due to related parties

	Relationship	2023	2022
Burieda Trading and Refrigeration Company	Affiliate	**429,064**	-
Abdullah Al Ali Al Munajem Sons Company	The parent company	**46,330**	11,567
Thati Limited Company	Affiliate	**2,373**	-
		477,767	11,567

Outstanding balances at the year-end are unsecured and interest free and settlement within 30-45 days. There have been no guarantees provided or received for any related party receivables or payables. Outstanding balances at year-end arise in the normal course of business.

Leases for land contain a lease with a shareholder. Right of use assets amounting to SAR 21,552,540 (2022, SAR 26,054,517) and lease liability amounting to SAR 24,369,974 (2022, SAR 28,187,817) pertain to this lease (note 7).

c) Key management compensation

Key management personnel of the Company comprise key members of the management having authority and responsibility for planning, directing, and controlling the activities of the Company. The compensation to key management is shown below:

	2023	2022
Short-term employee benefits *	**9,005,081**	7,180,493
Post-employment benefits	**779,774**	384,353
	9,784,855	7,564,846

* Key management remuneration includes SAR 1.94 million (2022 SAR 1.95 million) pertaining to the Board of Directors' remuneration.

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

14. REVENUE

	2023	2022
Revenue recognized at a point in time		
Non-retail - goods transferred	**1,978,421,555**	1,748,943,600
Retail - goods transferred	**1,322,565,585**	1,217,538,063
Revenue recognized over-time		
Storage rent revenue	**13,416,189**	12,040,961
	3,314,403,329	2,978,522,624

Revenue is generated inside the Kingdom of Saudi Arabia.

15. INVENTORIES

	2023	2022
Goods for resale	**318,050,021**	416,542,016
Goods in transit	**228,253,273**	217,495,175
Raw materials and consumables	**20,325,142**	24,503,210
Spare parts and consumables	**4,306,500**	4,114,274
Less: Provision for Spare parts and slow-moving items	**(1,778,476)**	(1,000,000)
	569,156,460	661,654,675

The movement of provision for spare parts and slow-moving items is as follows:

	2023	*2022*
Opening balance	**1,000,000**	500,000
Provided during the year*	**778,476**	500,000
Closing balance	**1,778,476**	1,000,000

During 2023, SAR 2,739,040,238 (2022: SAR 2,398,937,463) of the Inventory was recognized as an expense in the cost of revenue. Other items included in cost of sale includes suppliers' volume rebates with an amount of SAR 14,580,307 (2022: SAR 8,021,182)

*This pertains to specifically identified spares that are no longer useable and slow-moving items.

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

16. SHARE CAPITAL AND STATUTORY RESERVE

a) Share Capital

Authorized, issued and paid-up capital is divided into 60,000,000 shares of SAR 10 each (December 31, 2022: 60,000,000 shares of SAR 10 each).

b) Statutory Reserve

In accordance with the Company's by-laws, the Company must transfer 10% of its net income by the end of each year, until this reserve reaches 30% of the share capital. This reserve is not available for distribution.

17. EMPLOYEES' BENEFITS OBLIGATIONS

	2023	2022
Opening balance	**48,263,214**	45,159,785
Current service cost	**4,656,747**	4,462,705
Interest cost (note 24)	**2,456,315**	1,366,587
Benefits paid	**(2,229,294)**	(2,152,665)
Actuarial loss/(gain)	**195,714**	(573,198)
Closing Balance	**53,342,696**	48,263,214

The most recent actuarial valuation was performed by an independent, qualified actuary “United Co. for Actuarial Services (CAIS)” using the Projected Unit Credit Method. United Co. for Actuarial Services (CAIS) are licensed from the “Licensed by the Saudi Central Bank and other regulators.”

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

	2023	2022
Discount rate	**4.80%**	5.10%
Average duration of the liability (in years)	**8**	8
Rate of salary increases	**4.00%**	4.00%

All movements in the employees’ benefit obligations are recognized in statement of profit or loss except for the actuarial (gain)/loss, which is recognized as other comprehensive income.

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

17. EMPLOYEES' BENEFITS OBLIGATIONS (continued)

Movements in actuarial loss/(gain) reserve recognized in OCI are as follows:

	2023	2022
Opening balance	**4,972,434**	5,545,632
Actuarial loss/(gain) on the obligation	**195,714**	(573,198)
Closing balance	**5,168,148**	4,972,434

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.

	2023	2022
Increase in the discount rate of 1%	**(3,715,995)**	(4,013,974)
Decrease in the discount rate of 1%	**4,249,128**	3,519,089
Decrease in rate of a salary increase of 1%	**4,498,361**	4,268,332
Increase in rate of a salary increase of 1%	**(3,997,212)**	(3,801,076)

The following are the expected payments or contributions to the employees in future years:

	2023	2022
Within the next 12 months (next annual reporting period)	**7,868,996**	4,249,879
Between 2 and 5 years	**17,232,680**	16,691,885
Beyond 5 years	**55,588,868**	55,316,856
	80,690,544	76,258,620

18. TRADE PAYABLES, ACCRUALS, AND OTHER LIABILITIES

	2023	*2022*
Trade payables *	**452,495,446**	403,763,951
Accrued expenses	**37,715,183**	35,038,720
Refund liabilities	**1,324,731**	1,325,171
Advances from customers	**1,199,945**	1,530,766
Other payables	**1,939,561**	1,829,103
	494,674,866	443,487,711

(*) Trade Payables include supply chain agreements compatible with Islamic Sharia granted from Saudi local bank during the year ended December 31, 2023, with an amount of SAR 128.4 million (December 31, 2022: SAR 113.4 million).

Trade and other payables are non-interest bearing and have a term of 30 to 90 days.

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

19. SHORT-TERM LOANS

The Company has obtained Murabaha and Tawaruq loans from local banks to finance the Company's working capital requirements and carry interest at commercial rates at SIBOR + 1% and have a maturity of less than a month.

As at December 31, 2023, the Company has total loan facilities amounting to SAR 500,000,000 (2022: SAR 290,000,000). None of these facilities were availed as at December 31, 2023.

The movement in short-term loans is as follows:

	2023	2022
Opening balance	**-**	-
Proceeds from short-term loans	**30,000,000**	330,000,000
Payments of short-term loans	**(30,000,000)**	(330,000,000)
Closing balance	**-**	-

20. ZAKAT PAYABLE

Abdullah Al Ali Almunajem Sons Company (the "Parent Company") and the Company initially filed their zakat declaration on a standalone basis until the year ended on December 31, 2016. On 23 Muharram 1439 H (corresponding to October 13, 2017), the Parent Company obtained approval from the Zakat, Tax and Customs Authority (ZATCA) to submit its zakat returns on a combined basis, including the Company and therefore, from 2008 and onwards, the Parent Company started filing the combined zakat declarations for all wholly owned subsidiaries, including the Company. Declarations for the years ended December 31, 2008 through 2016 have been already resubmitted with ZATCA. The Parent Company also submitted the combined zakat declarations for all wholly owned subsidiaries, including the Company, for the years from 2017 to 2020. The Parent Company has obtained the zakat certificate until December 31, 2022. Zakat expense used to be calculated by the Parent Company at the group level and allocated to the Company.

In view of the approval of IPO process (note 1) and change in the legal status of the Company during year 2020, the Parent Company has pledged that any additional liability that may arise upon the finalization of zakat assessments that may arise in the future related to the years from 2008 until 2020 will be settled by the Parent Company.

Zakat expense
The zakat charge for the year comprises of the following:

	2023	2022
Current year provision	**19,541,041**	18,840,788
Adjustment for last year	**(124,569)**	190,512
Total provided during the year	**19,416,472**	19,031,300

The principal elements of the zakat base attributable to Saudi partners are as follows:

	2023	2022
Equity	**650,482,843**	639,577,074
Opening allowances and other adjustments	**114,496,837**	107,070,786
Book value of long-term assets	**(313,578,921)**	(324,573,215)
	451,400,759	422,074,645
Profit subject to Zakat for the year	**311,231,553**	317,916,140
Zakat base	**762,632,312**	739,990,785
Zakat charge for the year 2.5%	**19,541,041**	18,840,788

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

20. ZAKAT PAYABLE (CONTINUED)

Movement in the Zakat provision:

	2023	*2022*
Opening balance	**18,840,788**	14,802,310
Current year provision	**19,416,472**	19,031,300
Payment during the year	**(18,716,219)**	(14,992,822)
Closing balance	**19,541,041**	18,840,788

Status of assessments

- Combined Zakat returns have been filed by the Parent Company, including the Company, with the Zakat, Tax and Customs Authority (ZATCA) for the years from 2008 to 2020.

- The Company filed the Zakat declaration for the year 2021, the Zakat payable has been paid based on this declaration. A Zakat certificate was issued for the year 2021, ln addition, Zakat assessment for 2021 was completed on 5th October 2022 and the Company paid Zakat differences for 2021 by SAR 36,894.

- The Company filed the Zakat declaration for the year 2022, the Zakat payable has been paid based on this declaration. A Zakat certificate was issued for the year 2022. Zakat assessment for 2022 has been completed at 13th December 2023 without any adjustments vs. Zakat declaration.

- The company was inspected for the value-added tax (VAT)for 2022, completed on 6 November 2023 with adjustments vs. VAT returns and the Company paid differences for 2022 by SAR 37,994.

21. SELLING AND DISTRIBUTION EXPENSES

	2023	*2022*
Employee related costs	**119,378,382**	115,620,975
Marketing expenses	**38,817,631**	38,513,614
Depreciation of property, plant, and equipment (note 8)	**23,539,496**	24,173,845
Sales commission	**15,072,562**	13,851,568
Utilities	**14,627,443**	14,033,929
Transportation and uploading expenses	**7,165,185**	8,436,226
Car running expenses	**11,679,098**	10,579,107
Depreciation of right-use-assets (note 7)	**7,278,966**	8,225,321
Port detention/electric charges	**4,684,074**	2,810,359
Insurance	**4,312,047**	3,728,269
Rental expenses (short term lease) (note 7)	**3,229,706**	1,423,032
Cold stores maintenance	**2,511,800**	2,744,654
Business travel expenses	**1,992,035**	1,621,606
Stationaries and printings	**715,396**	799,903
Allowance for spare parts inventory	**273,911**	500,000
Amortization of intangible assets (note 9)	**123,624**	231,858
Other expenses	**5,226,911**	5,842,778
	260,628,267	253,137,044

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

22. GENERAL AND ADMINISTRATIVE EXPENSES

	2023	2022
Employee related costs	**17,197,691**	16,836,714
Professional fees	**1,917,651**	1,033,443
BOD remunerations	**1,944,000**	1,599,000
Bank charges	**803,114**	828,407
Depreciation of right-of-use assets (note 7)	**745,497**	772,470
Amortization of intangible assets (note 9)	**639,756**	1,156,672
Utilities	**629,171**	697,784
Repair and maintenance	**530,790**	394,235
Depreciation of property, plant, and equipment (note 8)	**381,451**	433,719
Transportation and travelling	**130,455**	54,124
Other expenses	**1,782,207**	1,614,591
	26,701,783	25,421,159

23. OTHER INCOME

	2023	2022
Gain on disposal of property, plant, and equipment *	**8,255,740**	2,161,016
Foreign currencies (loss)/gain	**(1,343,286)**	3,248,479
Other income	**1,090,701**	3,700,419
	8,003,155	9,109,914

*During the year ending December 31, 2023, the Company booked a net gain of SAR 5.5 million resulting from insured government compensation for a building owned by the Company located in the city of Jeddah. The property was having a net book value of SAR 2.7 million and its estimated fair value amounted to SAR 8.2 million. The procedures for collecting the amount are still in progress. Refer to (note 8).

24. FINANCE COSTS, NET

	2023	2022
Finance Cost		
Interest on employees' benefit obligations (note 17)	**2,456,315**	1,366,587
Interest on lease liabilities (note 7)	**3,010,297**	1,301,176
Interest on short-term loans	**1,532,020**	259,833
	6,998,632	2,927,596
Finance Income		
Finance income - Short-term deposits	**(6,988,591)**	(1,007,500)
	10,041	1,920,096

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

a. Financial assets

	2023	2022
Financial assets at amortised cost:		
Trade receivables	**251,006,879**	**246,382,666**
Due from related parties	**10,536,453**	**6,968,013**
Prepayments and other assets	**8,271,036**	**-**
	269,814,368	**253,350,679**
Cash and cash equivalent	**248,927,926**	**111,029,404**
Total financial assets	**518,742,294**	**364,380,083**

b. Financial liabilities

Financial liabilities at amortised cost:	2023	2022
Trade payables, accruals, and other liabilities	**492,150,190**	440,631,774
Lease liabilities	**45,606,019**	48,954,192
Due to related parties	**477,767**	11,567
	538,233,976	489,597,533

The Company's financial liabilities include trade payables, certain other payables, lease liabilities, and due to related parties. At December 31, 2023, all the Company's financial liabilities are classified at amortised cost.

25.1 FAIR VALUES

Financial instruments comprise financial assets and financial liabilities.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company's financial assets consist of cash and cash equivalent, trade receivables, other current financial assets due from related parties and prepayments and other assets. The Company's financial liabilities consist of trade payables, certain other payables, short term loans, lease liabilities and due to related parties.

The fair values of above financial assets and liabilities approximate their carrying amounts.

25.2 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities mainly comprise of trade payables, certain other payables, lease liabilities and due to related parties and other prepayments and other asstes. The Company's financial assets include of cash and cash equivalent, trade receivables, other current financial assets and due from related parties which are integral to and are directly derived out of its regular business.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks. The Senior Management regularly reviews and agrees policies and procedures to ensure that all financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives, which are summarized below.

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to two types of market risk: interest rate risk, and foreign currency risk. Financial instruments affected by market risk include short term loans and payables denominated in foreign currency. There were no changes in these circumstances from the previous year.

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

25.2 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's short-term loans have a short tenure and carry a floating rate of interest and is carried at amortized cost. Accordingly, management believes that the Company is not subject to any significant interest rate risk because it is a practice of the Company to settle all short-term debt obligations at the time of maturity which is generally one months. At December 31, 2023, the Company does not have any outstanding balance in this regard.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Other than Saudi Riyals, the Company undertakes transactions denominated in foreign currencies principally in United States Dollars, United Arab Emirates Dirhams and Euros; consequently, exposures to exchange rate fluctuations arise. The management believes that there is no currency risk arising from the transactions in currencies to which Saudi Riyal is pegged. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's purchases from outside suppliers mainly denominated in Euros. The foreign currency SAR equivalent of Euro exposure in 2023 is SAR 58,940,057 (2022: SAR 43,560,119), represents trade payable balances.

Foreign currency sensitivity
The following tables demonstrate the sensitivity to a reasonably possible change in SAR and Euro exchange rates, with all other variables held constant.

The impact on the Company's profit before zakat is due to changes in the fair value of monetary assets and liabilities.

	5% increase in exchange rate	*5% decrease in exchange rate*
2023	**(2,947,003)**	**2,947,003**
2022	(2,178,006)	2,178,006

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables, other current financial assets and related parties' balances) and from its financing activities, including balances with banks.

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

25.2 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Trade receivables

The average credit period granted terms from 15 to 60 days. No interest is charged on outstanding trade receivables. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for grouping of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

			Trade receivable – days past due			
December 31, 2023	***Not past due***	***<90***	***90-180***	***181-365***	***>365***	***Total***
Expected credit loss rate %	0.18%	0.53%	19.97%	45.28%	81.60%	
Total gross carrying amount at default	183,558,415	64,946,851	2,962,037	1,384,771	1,974,168	254,826,242
Expected credit losses	(323,402)	(383,747)	(594,153)	(627,086)	(1,890,975)	(3,819,363)
	183,235,013	**64,563,104**	**2,367,884**	**757,685**	**83,193**	**251,006,879**

			Trade receivable – days past due			
December 31, 2022	*Not past due*	*<90*	*90-180*	*181-365*	*>365*	*Total*
Expected credit loss rate %	0.19%	0.65%	16.47%	36.30%	81.60%	
Total gross carrying amount at default	182,681,215	62,593,633	1,145,940	1,327,423	12,415,885	260,164,096
Expected credit losses	(354,024)	(406,459)	(188,717)	(481,873)	(12,350,357)	(13,781,430)
	182,327,191	62,187,174	957,223	845,550	65,528	246,382,666

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

December 31, 2023	***Within 3 months***	***3 months to 1year***	***1 to 5 years***	***More than 5 years***	***Total***
Trade payables, accruals, and other liabilities	**492,150,190**	**-**	**-**	**-**	**492,150,190**
Lease liabilities	**5,257,434**	**4,684,677**	**21,278,647**	**23,275,252**	**54,496,010**
Due to related parties	**477,767**	**-**	**-**	**-**	**477,767**
	497,885,391	**4,684,677**	**21,278,647**	**23,275,252**	**547,123,967**

December 31, 2022	*Within 3 months*	*3 months to 1year*	*1 to 5 years*	*More than 5 years*	*Total*
Trade payables, accruals, and other liabilities	440,631,774	-	-	-	440,631,774
Lease liabilities	4,744,389	4,620,302	20,223,976	26,074,248	55,662, 915
Due to related parties	11,567	-	-	-	11,567
	445,387,730	4,620,302	20,223,976	26,074,248	496,306,256

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

26. EARNING PER SHARE (EPS)

Basic and diluted earnings per share ("EPS") is calculated by dividing the net profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are the same as the basic earnings per share as the Company does not have any convertible securities or diluted instruments to exercise.

The following table reflects the profit for the year attributable to ordinary equity holders and the weighted average number of ordinary shares outstanding during the period used in the basic and diluted EPS computations:

Basic and diluted earnings per share from net profit.

	2023	2022
Net profit for the year	**282,213,242**	290,201,821
Weighted average number of ordinary shares	**60,000,000**	60,000,000
Basic and diluted earnings per share	**4.70**	4.84

27. DIVIDENDS

The Board of Directors meeting held on November 14, 2023 (corresponding to 30 Rabi' al-Awwal 1445H), based on authority granted by shareholders during their ordinary General Assembly meeting dated May 8, 2023G (corresponding to 18 Shawwal 1444 H) to authorize Board of Directors to approve payment of dividends during interim periods of 2023, have approved to distribute cash dividends of SAR 120 million to the company's shareholders for the second half of 2023 amounting to SAR 2 per share, or 20% of the capital

The Board of Directors meeting held on July 17, 2023 (corresponding to 29 Dhu'l Hijjah 1444H), based on authority granted by shareholders during their ordinary General Assembly meeting dated May 8, 2023G (corresponding to 18 Shawwal 1444 H) to authorize Board of Directors to approve payment of dividends during interim periods of 2023, have approved to distribute cash dividends of SAR 75 million to the company's shareholders for the first half of 2023 amounting to SAR 1.25 per share, or 12.5% of the capital

The ordinary General Assembly meeting held on May 8, 2023G (corresponding to 18 Shawwal 1444 H) based on the recommendation of the Company's Board of Directors meeting held on March 23, 2023G, (Corresponding to 1 Ramadan 1444 H) approved to distribute dividends for the second half of the year 2022 amounting to SAR 60 million to the Company's shareholders at 1 riyal per share, or 10% of the capital.

The Board of Directors meeting held on 17 July 2022 (corresponding to 28 Dhu'l Hijjah 1443H), based on authority granted by shareholders during their Extraordinary General Assembly meeting dated 1 June 2022 (corresponding to 2 Dhu'l Qi'dah 1443H) to authorize Board of Directors to approve payment of dividends during interim periods of 2022 and have approved to distribute cash dividends of SAR 75 million to the shareholders for the first half of 2022 amounting to SAR 1.25 per share.

The Extraordinary General Assembly meeting held on June 1, 2022 (corresponding to 2 Dhu'l Qi'dah 1443H) based on the recommendation of the Company's Board of Directors held on March 27, 2022, (corresponding to 24 Sha'ban 1443H) approved to pay cash dividends of SAR 120 million for the year ended December 31, 2021, amounting to SAR 2 per share, which represents 20% of the Company's capital.

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

28. CAPITAL MANAGEMENT

For the purpose of the Company's management, capital includes issued share capital, and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize shareholders' value, maintain market confidence and to sustain future development of its business by maintaining efficient capital base.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. The Company monitors capital using a gearing ratio, which is 'net debt' divided by total capital plus net debt. The Company includes within net debt, short term loans, lease liabilities, employees' benefit obligations, zakat payable, less cash and bank balances.

	2023	2022
Lease liabilities	**45,606,019**	48,954,192
Employees' benefits obligations	**53,342,696**	48,263,214
Zakat payable	**19,541,041**	18,840,788
Less: cash and cash equivalents	**(248,927,926)**	(111,029,404)
Net debt	**(130,438,170)**	5,028,790
Equity	**927,529,251**	900,511,723
Capital and net debt	**797,091,081**	905,540,513
Gearing ratio	**(16.4) %**	.06 %

29. SEGMENT INFORMATION

The Senior Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Company operates in three regions in the Kingdom of Saudi Arabia, which are its reportable segments. These regions are identified as a separate reportable segment because the company managed them separately. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

For management purposes, the Company is into business units based on its geographical regions, as follows:

2023	***Central region***	***Eastern & Northern regions***	***Western & Southern regions***	***Total***
Revenue	**1,388,904,227**	**672,203,320**	**1,253,295,782**	**3,314,403,329**
Cost of revenue	**1,152,289,048**	**555,028,234**	**1,024,779,119**	**2,732,096,401**
Depreciation and amortization	**9,909,816**	**5,408,553**	**12,977,748**	**28,296,117**
Depreciation of right of use assets	**3,696,975**	**1,442,077**	**2,918,371**	**8,057,423**
Segment profit before Zakat	**116,516,443**	**64,466,819**	**120,646,452**	**301,629,714**
Total assets	**837,661,843**	**254,442,618**	**472,652,891**	**1,564,757,352**
Total liabilities	**596,489,145**	**12,489,656**	**28,249,300**	**637,228,101**

2022	***Central region***	***Eastern & Northern regions***	***Western & Southern regions***	***Total***
Revenue	1,300,421,360	614,413,378	1,063,687,886	2,978,522,624
Cost of revenue	1,048,880,236	491,508,307	854,874,084	2,395,262,627
Depreciation and amortization	10,498,221	5,783,712	13,625,567	29,907,500
Depreciation of right of use assets	4,757,043	1,462,023	2,811,888	9,030,954
Segment profit before Zakat	135,389,312	72,224,872	101,618,937	309,233,121
Total assets	771,596,217	297,699,747	415,053,021	1,484,348,985
Total liabilities	542,028,757	13,946,442	27,862,063	583,837,262

All the operating segments revenue and non-current assets are generated and based in the Kingdom of Saudi Arabia. There is no customer contributing 10% or more of the total revenue in both 2023 and 2022.

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

29. SEGMENT INFORMATION (continued)

For management purposes, the Company is into revenue streams based on its geographical regions, as follows:

2023	***Central Region***	***Eastern & Northern Regions***	***Western & Southern Regions***	***Total***
Revenue				
Retail	**594,837,150**	**258,289,035**	**469,439,400**	**1,322,565,585**
Non-retail	**790,351,085**	**410,286,432**	**777,784,038**	**1,978,421,555**
Storage rent revenue	**3,715,992**	**3,627,853**	**6,072,344**	**13,416,189**
Net revenues	**1,388,904,227**	**672,203,320**	**1,253,295,782**	**3,314,403,329**
Cost of revenues				
Retail	**(486,486,683)**	**(210,984,596)**	**(381,110,203)**	**(1,078,581,482)**
Non-retail	**(662,370,447)**	**(343,223,959)**	**(641,207,838)**	**(1,646,802,244)**
Storage rent revenue	**(3,431,918)**	**(819,679)**	**(2,461,078)**	**(6,712,675)**
Total Cost of revenues	**(1,152,289,048)**	**(555,028,234)**	**(1,024,779,119)**	**(2,732,096,401)**
Total Gross profit	**236,615,179**	**117,175,086**	**228,516,663**	**582,306,928**

2022	***Central Region***	***Eastern & Northern Regions***	***Western & Southern Regions***	***Total***
Revenue				
Retail	563,366,217	238,631,052	415,540,794	1,217,538,063
Non-retail	733,321,249	373,184,620	642,437,731	1,748,943,600
Storage rent revenue	3,733,894	2,597,706	5,709,361	12,040,961
Net revenues	1,300,421,360	614,413,378	1,063,687,886	2,978,522,624
Cost of revenues				
Retail	(446,456,866)	(188,236,775)	(330,808,315)	(965,501,956)
Non-retail	(599,432,998)	(302,986,539)	(522,536,640)	(1,424,956,177)
Storage rent revenue	(2,990,372)	(284,993)	(1,529,129)	(4,804,494)
Total Cost of revenues	(1,048,880,236)	(491,508,307)	(854,874,084)	(2,395,262,627)
Total Gross profit	251,541,124	122,905,071	208,813,802	583,259,997

30. CONTINGENCIES AND COMMITMENTS

No outstanding letters of guarantee as of 31 December 2023, (31 December 2022: Nil), in respect of contract performance, and letters of credit amounting to SAR 3,522,799 (31 December 2022: SAR 12,594,954). There are capital commitments amounting to SAR 1,318,818 as of 31 December 2023 (31 December 2022: SAR 5,854,557) related to property, plant, and equipment.

31. COMPARATIVE FIGURES

Certain prior year amounts have been reclassified to conform to the presentation in the current year.
The comparative figures for the fiscal year ending on December 31, 2022, have been reclassified as follows:

Increasing of the cost of sales in the Statement of profit or loss and other comprehensive income with an amount of SAR 4,804,495 and decreasing Selling and distribution expenses by the same amount for the year ended December 31, 2023.

32. SUBSEQUENT EVENTS DISCLOSURES

The Company announces the signing of a binding share purchase agreement on 25/8/1445H (corresponding to 6/3/2024G), to acquire shares in Balady Poultry Trading Company ("Balady Company"), in accordance with which the Company purchased 1,116,900 shares (representing 17% of Balady Company's shares) from existing shareholders in Balady Company through private transactions, at a purchase price of SAR 120 per share, with a total value of SAR 134,028,000 for the total Sale Shares. The Transaction has been self-financed by the Company.

No other matter has occurred up to and including the date of the approval of these financial statements by the management that could materially affect these financial statements and the related disclosures for the year ended December 31, 2023.

33. APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company for the year ended December 31, 2023, were approved for issuance by the Board of Directors on 18 March 2024G according to 8 Ramadan 1445H.