

RAYDAN FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) FOR THE THREE MONTHS AND SIX-MONTH PERIODS ENDED 30
JUNE 2024
WITH THE INDEPENDENT AUDITOR'S REVIEW REPORT**

RAYDAN FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE- AND SIX-MONTH PERIODS ENDED 30 JUNE 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT
ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF RAYDAN FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTRODUCTION

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Raydan Food Company** -A Saudi joint stock Company- (the "Company") as at 30 June 2024, and its subsidiary (hereinafter referred to as the "Group"), and the interim condensed consolidated statements of profit or loss and other comprehensive income for the three months and six months periods then ended, and the interim condensed consolidated statements of changes in equity and cash flows for the six- month period then ended, and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standards (34) "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standards (34) "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia.

For PKF AI Bassam
Chartered Accountants



Ahmed A. Mohandis
Certified Public Accountant
License No. (477)
Jeddah: 7 Safar 1446H
Corresponding to: 11 August 2024G



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)

AS AT 30 JUNE 2024

(Expressed in Saudi Arabian Riyals)

	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Assets			
Non-current assets			
Property, plant and equipment, net	4	130,974,271	131,679,951
Intangible assets, net		218,475	34,799
Right-of-use assets, net	5	52,526,432	55,926,319
Investments in associate through equity method	6	42,972,348	39,558,988
Total non-current assets		226,691,526	227,200,057
Current assets			
Inventory, net		6,125,651	5,844,348
Trade receivables, net	7	5,473,166	8,893,297
Due from related party	13	2,681,117	2,947,258
Prepayments and other debit balances, net	8	12,669,240	14,791,875
Cash and cash equivalents		3,854,172	6,585,363
Total current Assets		30,803,346	39,062,141
Total Assets		257,494,872	266,262,198
Shareholders' equity and liabilities			
Shareholders' Equity			
Share capital	1	158,084,670	158,084,670
Accumulated losses		(9,194,476)	(4,377,410)
Foreign currency translation reserve		258,524	350,685
Total Shareholders' equity of the Company		149,148,718	154,057,945
Total Shareholders' Equity		149,148,718	154,057,945
Liabilities			
Non-current liabilities			
Lease liabilities - non-current portion	5	48,194,559	51,958,894
End of service benefits	10	10,208,532	10,956,265
Total non-current liabilities		58,403,091	62,915,159
Current liabilities			
Lease liabilities – current portion	5	10,545,073	10,361,073
Long-term loans – current portion	9	6,415,007	10,195,158
Trade payables		16,553,267	12,274,664
Accrued expenses and other payables		15,413,589	15,282,167
Provision for potential claims		–	159,905
Accrued zakat	12	1,016,127	1,016,127
Total Current liabilities		49,943,063	49,289,094
Total Liabilities		108,346,154	112,204,253
Total Shareholders' Equity and Liabilities		257,494,872	266,262,198

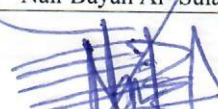
Chief Financial Officer
Gamal Nasser Ahmed



Chief Executive Officer
Mansour Nasser Al-Sulami



Chairman
Nair Bayan Al-Sulami



The accompanying notes form an integral part of these interim condensed consolidated financial statement.



RAYDAN FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE- AND SIX-MONTH PERIODS ENDED 30 JUNE 2024**
(Expressed in Saudi Arabian Riyals)

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Revenue		47,462,356	61,272,321	90,033,832	103,075,199
Cost of revenue		(44,704,936)	(53,456,268)	(83,199,830)	(94,874,340)
Gross profit		2,757,420	7,816,053	6,834,002	8,200,859
Selling and marketing expenses		(2,805,089)	(1,796,806)	(4,998,934)	(3,764,922)
General and Administrative expenses		(5,370,743)	(4,526,184)	(9,159,300)	(9,405,570)
Capital gains – lease settlements					
Reversal of Impairment loss on right of use assets		--	707,529	--	1,624,318
Gain from disposal of property, plant and equipment		5,000	17,999	5,000	345,845
Operation income / (loss)		(5,413,412)	2,218,591	(7,319,232)	(2,999,470)
Share from investment in associate company Through equity method	6	4,322,669	2,551,014	3,413,360	1,474,903
(Loss)/ Gain on Foreign Currency differences		(331,124)	2,543	(463,948)	(109,545)
Finance Costs		(760,022)	(1,056,803)	(1,836,872)	(2,027,831)
Other income		617,262	575,557	1,389,626	4,928,819
(Loss) / Income before zakat and income tax		(1,564,627)	4,290,902	(4,817,066)	1,266,876
Zakat and Income Tax	12	--	(36,460)	--	(269,366)
Net (loss)/ income after zakat and income tax		(1,564,627)	4,254,442	(4,817,066)	997,510
Other comprehensive income (OCI):					
OCI that may be reclassified to profit or loss subsequently:					
Foreign Currency Translation differences		(1,332)	(1,863)	(92,161)	(67,673)
Total Other comprehensive loss		(1,332)	(1,863)	(92,161)	(67,673)
Total comprehensive (loss) / income		(1,565,959)	4,252,579	(4,909,227)	929,837
Attributable to:					
- The Parent Company's shareholders		(1,564,627)	4,254,186	(4,817,066)	998,138
- Non-controlling interests		--	256	--	(628)
		(1,564,627)	4,254,442	(4,817,066)	997,510
Attributable to:					
- The Parent Company's shareholders		(1,565,959)	4,252,341	(4,909,227)	931,141
- Non-controlling interests		--	238	--	(1,304)
		(1,565,959)	4,252,579	(4,909,227)	929,837
Basic and diluted losses per share:					
From net loss	11	(0.10)	0.27	(0.30)	0.06

Chief Financial Officer
Gamal Nasser Ahmed

Chief Executive Officer
Mansour Nasser Al-Sulami

Chairman
Nair Bayan Al-Sulami

The accompanying notes form an integral part of these interim condensed consolidated financial statement.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(Expressed in Saudi Arabian Riyals)

	Note	For the six-month period ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
Operating activities			
(loss) / Net profit before zakat and foreign tax		(4,817,066)	1,266,876
Adjustments for non-cash items:			
Depreciation of property, plant and equipment	4	4,810,830	4,461,673
Amortization of right of use assets	5	4,008,846	2,529,031
Reverse impairment of right-to-use assets	5	—	(1,624,318)
Provision no longer required		(159,905)	—
Amortization of intangible assets		14,324	47,511
Finance cost		1,836,872	2,027,831
Expected credit losses	7	1,410,619	297,345
losses from disposal of property, plant and equipment		(5,000)	(345,845)
Share from investment in company through equity method	6	(3,413,360)	(1,474,903)
Employee termination benefits incurred		714,571	954,882
		4,400,731	8,140,083
Changes in current assets and liabilities			
Inventory		(281,303)	(2,292,423)
Trade receivables		2,009,512	(12,122,843)
Due from related party		266,141	1,311,233
Prepayments and other debit balances		2,122,635	(5,550,869)
Trade payable		4,278,603	12,718,201
Accrued expenses and other payables		129,667	3,861,620
Due to related party		—	(2,591,151)
Cash flow generated from operating activities		12,925,986	3,473,851
Employee termination benefits paid	10	(1,462,304)	(1,387,752)
Zakat and income tax paid	12	—	(184,866)
Net cash flow generated from operating activities		11,463,682	1,901,233
Investing activities			
Addition of property, plant and equipment	4	(4,105,150)	(8,580,380)
Addition of intangible assets		(198,000)	(9,900)
Proceeds from sale of property, plant and equipment		5,000	—
Net cash flow used in investing activities		(4,298,150)	(8,590,280)
Financing activities			
Payment of term loan	9	(4,000,000)	(3,500,000)
Payment of lease liability contracts	5	(5,804,562)	(3,949,810)
Net cash used in financing activities		(9,804,562)	(7,449,810)
Net change in cash and cash equivalents		(2,639,030)	(14,138,857)
Cash and cash equivalents at the beginning of the period		6,585,363	27,465,154
foreign currency translation differences, net		(92,161)	(66,997)
Cash and cash equivalents at the end of the period		3,854,172	13,259,300

The accompanying notes form an integral part of these interim condensed consolidated financial statement



RAYDAN FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)(CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(Expressed in Saudi Arabian Riyals)

	For the six-month period ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Non-cash transactions		
Addition right of use assets	(608,959)	(6,483,425)
Lease liabilities contracts	608,959	6,483,425
Finance cost	(1,836,872)	(2,027,831)
Amortization of prepaid financing cost	219,849	719,105
Amortization of financing cost related to lease liabilities	1,617,023	1,308,726
Lease liabilities contracts	1,755	--
Accrued expenses and other payables	(1,755)	--
property, plant and equipment	--	(345,845)
Projects under Construction	--	345,845

Chief Financial Officer
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Chairman
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The accompanying notes form an integral part of these interim condensed consolidated financial statement

RAYDAN FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)
FOR THE THREE -MONTH PERIOD ENDED 31 March 2024
(Expressed in Saudi Arabian Riyals)

1. ORGANISATION AND ACTIVITIES

Raydan Food Company is a Saudi joint stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030180055 issued in Jeddah on 11Jumada II 1429H corresponding to 15 June 2008.

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

On 17 November 2019, the Company obtained the approval of the Capital Market Authority to transfer Raydan Food Company from the parallel market to the main market and accordingly list its shares in the main capital market.

On 2 May 2021, the Capital Market Authority approved the request to increase the Company's capital by SR 112.5 million by way of a rights issue. Accordingly, the Company's capital became SR 337.5 million, The offering and capital increase process was completed on 25 August 2021.

And based on the meeting of the Extraordinary General Assembly of the Company held on 9 Rabi' al-Awwal 1444H, corresponding to 5 October 2022, it was approved to reduce the group's capital from SR 337,500,000 to become after the reduction by SR 158,084,670 by amortizing the amount of accumulated losses, which amounted to SR 179,415,330, with 53.16% of the Company's capital.

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

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

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

<u>Commercial Registration No</u>	<u>Location</u>	<u>Commercial Register Date</u>
4030212391	Jeddah	8 Jumada Al-Thani 1432 H
4030212394	Jeddah	8 Jumada Al-Akhir 1432 H
4030212441	Jeddah	11 Jumada Al-Akhir 1432 H
4030212445	Jeddah	11 Jumada Al-Akhir 1432 H
4030212448	Jeddah	11 Jumada Al-Akhir 1432 H
4030212449	Jeddah	11 Jumada Al-Akhir 1432 H
4030212451	Jeddah	11 Jumada Al-Akhir 1432 H
4030318833	Jeddah	14 Rabi Al-Awwal 1435 H
4030263437	Jeddah	14 Rabi Al-Awwal 1435 H
4030279638	Jeddah	7 Rabi Al-Awwal 1436 H
4030280791	Jeddah	11 Jumada Al-Awwal 1436 H
4031098223	Makkah	6 Rabi Al-Awwal 1438 H
4031212516	Makkah	3 Jumada Al-Akhir 1439 H
4603149025	Al Qunfudhah	13 Shaban 1440 H
4650083053	AL Madinah AL Munawwarah	25 Muharram 1439 H
4031283146	Makkah	24 Dhu Al-Qi'dah 1444 H
4030561800	Jeddah	19 Dhu Al-Qi'dah 1445 H

RAYDAN FOOD COMPANY
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)
FOR THE THREE -MONTH PERIOD ENDED 31 March 2024
(Expressed in Saudi Arabian Riyals)

1. ORGANISATION AND ACTIVITIES

The interim condensed consolidated financial statements include the accounts of the Company and its Subsidiary (hereinafter referred to as (the "Group")) as follows:

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

The group's management signed an agreement with Al-Raya Limited Company for Restaurants (a company registered in the Arab Republic of Egypt) on 22 Safar 1443H, corresponding to 29 September 2021, according to which it sold the group's branches in the Arab Republic of Egypt.

* The second partner in the subsidiary company, Mr. Mansour bin Awad Allah bin Ahmed Al-Salmi, decided to waive his entire share in the company's capital amounting to 1% in favor of the first partner, Redan Food Company - a Saudi joint stock company - who owns 99% of the company's capital, so that the capital becomes fully owned 100% in favor of Redan Food Company - a Saudi joint stock company. An extraordinary general assembly meeting was held on 25 October, 2023 AD, to acknowledge the waiver, and the company's articles of association and commercial register are being amended to transform the company into a one-person limited liability company.

2. BASIS OF PREPERATION

2-1 Statement of Compliance

The interim condensed consolidated financial statements have been prepared for the six-month period ending 30 June 2024 in accordance with International Accounting Standard (34) "Interim Financial Reporting" "endorsed in the Kingdom of Saudi Arabia pronouncements that are endorsed by Saudi Organization for Certified Public Accountants. the interim condensed consolidated financial statements do not include all the information required in the annual financial statements. Accordingly, it should be read in conjunction with the annual consolidated financial statements as at 31 December 2023.

The accounting policies and calculation methods applied in preparing the consolidated financial statements of the Group for the year ended 31 December 2023.

2-2 Basis of Measurement

Interim condescend consolidated financial statements have been prepared on the historical cost basis, unless IFRSs permit measurement using other valuation techniques.

Interim condescend consolidated financial statements in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the amounts disclosed in the financial statements. These significant estimates and assumptions are disclosed in the financial statement for the year ending December 31, 2023

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE- AND SIX-MONTH PERIODS ENDED 30 JUNE 2024
(Expressed in Saudi Arabian Riyals)

2. BASIS OF PREPERATION (CONTINUED)

2-3 Use of judgements and estimates

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

Estimates and assumptions are based on previous experience and factors that may include expecting suitable future events which are used to extend book period of dependent assets and liabilities from other resources and estimates and assumptions are continuously being evaluated. Revised accounting estimates are reviewed in the period in which the estimates are revised in the audit period and future periods, if the changed estimates affect current and future periods.

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

Going Concern

The Group's management has assessed the Company's ability to continue as a going concern, and is convinced that the Group's has sufficient resources to continue its business in the near future. In addition, the management does not have any material doubts about the Group's ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES

3/1 Basis of consolidation of financial statements

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

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

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

Profits and losses and all components of other comprehensive income are attributable to the equity holders of the Company's parent company and to the holders of the non-controlling interests, even if this results in a deficit balance in favor of the non-controlling interests. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE- AND SIX-MONTH PERIODS ENDED 30 JUNE 2024
(Expressed in Saudi Arabian Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Eliminations

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

Non-controlling interests

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE- AND SIX-MONTH PERIODS ENDED 30 JUNE 2024
(Expressed in Saudi Arabian Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/2 New and amended IFRS standards issued

A number of new amendments to the standards, listed below, are effective this year but do not have a material impact on the Company's interim condensed consolidated financial statements:

<u>Amendments to standards</u>	<u>Description</u>	<u>Effective from accounting period beginning on or after</u>	<u>Summary of amendment</u>
IAS 1	Classification of liabilities as current or non-current	January 1, 2024	The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right, and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of liability would not impact its classification.
IFRS 16	Leases on sale and leaseback	January 1, 2024	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
IAS 7 and IFRS 7	Supplier finance arrangements	January 1, 2024	These amendments require to add disclosure requirements to enhance transparency of supplier finance arrangements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.
IAS 21	Lack of Exchangeability	January 1, 2025	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE- AND SIX-MONTH PERIODS ENDED 30 JUNE 2024
(Expressed in Saudi Arabian Riyals)

4. PROPERTY, PLANT AND EQUIPMENT, NET

4/1 The following is a statement of the net book value of property, plant and equipment:

	<u>Property, Plant and Equipment</u>	<u>Capital work in progress</u>	<u>Total</u>
Cost:			
Balance at the beginning of the period	243,262,585	20,634	243,283,219
Addition during the period	--	4,105,150	4,105,150
Transfer from Capital work in progress	2,253,915	(2,253,915)	--
Disposal during the period	(19,083)	--	(19,083)
Balance at the end of the period	245,497,417	1,871,869	247,369,286
Accumulated Depreciation:			
Balance at the beginning of the period	102,031,241	--	102,031,241
Charge during the period (Note 4/4)	4,810,830	--	4,810,830
Disposal during the period	(19,083)	--	(19,083)
Balance at the end of the period	106,822,988	--	106,822,988
Provision for impairment:	9,572,027	--	9,572,027
Balance at the end of the period	9,572,027	--	9,572,027
Net book values for the period Ended 30 June 2024 (Unaudited)	129,102,402	1,871,869	130,974,271
Net book values for the year Ended 31 December 2024 (audited)	131,659,317	20,634	131,679,951

4/2 Provision for obligations for removal, site rehabilitation and dismantling:

Decommissioning allocations are created to meet the obligation to close sites and level and dismantle factories and related infrastructure. These obligations are expected to be incurred in the year in which the sites are expected to close. The administration estimates the provision based on the administration's understanding of the current legal requirements in the Kingdom of Saudi Arabia and the terms of the licensing agreements and engineering estimates. According to the management's assessment, it was found that the impact of these provisions is not material to the financial statements. Therefore, the financial statements were not affected by the impact of the allocations for the removal and dismantling obligation.

4/3 Mortgages on real estate, property and equipment:

The land item includes lands with a book value of 9,050,652 SR (31 December 2023 9,050,652) mortgaged as security against a long-term loan (Note 9)

4/4 The depreciation charged for the period was distributed as follows:

	<u>30 June 2024 (Unaudited)</u>	<u>31 December 2023 (Audited)</u>
cost of Sales	4,433,098	4,111,364
General and administrative expenses	377,732	350,309
	4,810,830	4,461,673

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE- AND SIX-MONTH PERIODS ENDED 30 JUNE 2024

(Expressed in Saudi Arabian Riyals)

5. RIGHT OF USE ASSETS, NET

5/1 The movement on the right to use assets, net, is as follows:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
<u>Cost:</u>		
Balance at the beginning of the period / Year	76,758,261	57,385,446
Addition during the period / Year	773,959	19,372,815
Leases Contracts amends during the period / Year	(165,000)	--
Balance at the end of the period / Year	77,367,220	76,758,261
<u>Accumulated Amortization:</u>		
Balance at the beginning of the period / Year	18,692,235	12,557,596
Charge during the period / Year	4,008,846	6,134,639
Balance at the end of the period / Year	22,701,081	18,692,235
<u>Impairment of right-to-use assets:</u>		
Balance at the beginning of the period / Year	2,139,707	11,496,639
Addition during the period / Year	--	2,139,707
Reversal of Impairment during the period / Year	--	(11,496,639)
Balance at the end of the period / Year	2,139,707	2,139,707
Net book values of the period/ year	52,526,432	55,926,319

The Group leases warehouses, sites and branches, with lease terms ranging between 3 and 20 years.

* As of 31 December, 2023, the management assessed the impairment of the right to use assets of the Company's branches through an external valuer accredited by the Saudi Authority for Accredited Valuers, "Sadaqa Certified Public Accountants and Consultants" License No. 3912000017. The assessment was made considering the Company's branches as cash-generating units. The management considered the results of the Company's branches' operations for the year ended on that date and the results of previous periods as an indicator of impairment. Accordingly, it conducted a detailed assessment of the impairment as of December 31, 2023. Based on these assessments, each branch was considered as a cash-generating unit and the recoverable value was estimated based on the business plans approved by the Board of Directors, which reflect the management's view of market conditions. Some key assumptions and judgments were also used, such as estimating appropriate growth and discount rates.

Furthermore, management concluded that the recoverable value of some cash generating units was higher than their carrying value, and accordingly, impairment losses recorded for these units during prior periods were reversed.

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5. RIGHT OF USE ASSETS, NET (CONTINUED)

5/2 The movement on lease liabilities is as follows:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Balance at the beginning of the period / Year	62,319,967	49,322,536
Addition during the period / Year	773,959	19,372,815
Interest charged during the period/year	1,617,023	2,995,808
Paid during the period/year	(5,804,562)	(7,550,125)
Transferred to Accrued Expenses and Other Payables	(1,755)	(1,821,067)
Leases Contracts amends during the period/year	(165,000)	-
	58,739,632	62,319,967

5/3 Below are the lease liabilities as classified in the statement of financial position

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
current liabilities	10,545,073	10,361,073
Non-current liabilities	48,194,559	51,958,894
	58,739,632	62,319,967

Lease liabilities were discounted using the Group's average marginal assumption rate of 4.5% to 8%

5/4 Expenses related to short-term and low-value leases for the period ended 30 June, 2024 amounted to SAR 250,442 (30 June, 2023: SAR 600,445) and there are no commitments related to those contracts. These amounts were recorded as operating leases and were not included in the right to use assets.

5/5 The undiscounted future cash flows for lease obligations are as follows:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
within one year	10,545,073	10,361,072
From 1 to 5 years	52,234,790	53,411,234
More than 5 years	30,975,417	30,975,417
	93,755,280	94,747,723

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6. INVESTMENT IN ASSOCIATE COMPANY THROUGH EQUITY METHOD

6/1 Al Jonah Distinguished Sweets and Parties Co., Ltd. is a limited liability company registered in the Kingdom of Saudi Arabia and operates in the menu of external parties for third parties and providing cooked and uncooked meals and catering services. The Company's share in the capital of Al Jonah Company as on 30 June 2024 amounted to 30% (31 December 2023: 30%), and the investment movement was as follows:

	Notes	30 June 2024 (Unaudited)	31 December 2023 (audited)
<u>Investment cost</u>			
Share in capital (1)		14,850,000	14,850,000
Addition:			
Good Will		41,924,283	41,924,283
Total		56,774,283	56,774,283
<u>share in the results of the associate's business</u>			
Share of business results at the beginning of the period / year		(1,527,759)	589,233
Share of business results at the period /year	6/3	3,413,360	(1,993,045)
Share of other comprehensive Loss at the period /year		--	(123,947)
Total Company's share in the results of the associate's business (2)		1,885,601	(1,527,759)
Share of the parent company 30% (1+2)	6/2	16,735,601	13,322,241
Deduct			
Impairment in Investment	6/4	(15,687,536)	(15,687,536)
Balance of the investment in an associate company through equity method		42,972,348	39,558,988

6/2 The following table summarizes the Al-Jonah company's financial information extracted from its interim condensed financial statements, in addition to the adjustments to arrive at the net book value of the Group's investment in Al-Jonah Company:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Current assets	37,279,383	19,038,837
Non-current assets	94,201,652	96,374,036
Current liability	(54,390,275)	(49,449,576)
Non-current liability	(21,305,425)	(21,555,827)
Total equity	55,785,335	44,407,470
Group's share 30%	16,735,601	13,322,241

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6. INVESTMENT IN ASSOCIATE COMPANY THROUGH EQUITY METHOD (CONTINUED)

6/3 The following is a summary of the profit or loss statement for Al-Jonah Company for the six-month period/ year:

	30 June 2024	31 December 2023
	(Unaudited)	(Audited)
Sales	65,477,078	74,974,783
Cost of sales	(35,556,348)	(47,078,005)
Operating expenses	(19,176,356)	(33,368,601)
Non-operating income & losses	633,491	(1,171,660)
Income / (loss) for the period	11,377,865	(6,643,483)
Group's share 30%	3,413,360	(1,993,045)

6/4 Impairment in Investment

At the date of 31 December 2023, management evaluated prepared impairment study for investment in AL Jonah sweet and outside catering limited (associate company) by evaluating the company as a cash-generating unit, and according to management's estimates that there are indicators of impairment in the value of the investment in the associate company, evaluation maintained through a local evaluator authorized by the Saudi Evaluators Authority "Sadaqa Certified Public Accountants with license number 3912000017 and the evaluation resulted 15.7 M SAR.

Important principles and assumptions used in the evaluation:

- 1- Growth rates from 5% to 10%
- 2- periods of approved business plans are 10 years
- 3- Discount rate 13.74%

7. TRADE RECEIVABLES, NET

	Note	30 June 2024	31 December 2023
		(Unaudited)	(Audited)
Trade receivables		7,403,934	9,413,446
Expected credit loss - ECL	7/1	(1,930,768)	(520,149)
		5,473,166	8,893,297

7/1 The movement in the provision for expected credit losses for the period/year ended is as follows:

	30 June 2024	31 December 2023
	(Unaudited)	(Audited)
Balance at the beginning of the period / Year	520,149	446,902
Charge during the period / Year	1,410,619	73,247
Balance at the end of the period / Year	1,930,768	520,149

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7. TRADE RECEIVABLES, NET (CONTINUED)

The aging analysis table for trade receivables as at the end of the period/year is as follows:

Duration	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
	Balance	Decrease in value	Balance	Decrease in value
Not due	4,823,902	50,723	5,442,942	111,922
1 to 60 days	612,791	28,518	3,737,673	273,630
61 to 120 days	199,336	83,622	94,887	21,481
More than 120 days	1,767,905	1,767,905	137,944	113,116
	7,403,934	1,930,768	9,413,446	520,149

- The credit periods granted to customers range from 30-365 days and are classified according to their ages after taking into consideration the impact of those periods.

- Collections in the subsequent period amounted to SAR 1.4 million from the Company's outstanding trade receivables balances on June 30, 2024 (December 31, 2023: SAR 4.2 million), which were excluded from trade receivables when calculating expected credit losses, so that the net receivables balance subject to calculation became SAR 6 million (December 31, 2023: SAR 5.3 million) classified according to their ages.

8. PREPAYMENTS AND OTHER CREDIT BALANCES, NET

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Prepayments and other credit balances	14,054,151	16,176,786
Allowance for impairment of accounts receivable	(1,384,911)	(1,384,911)
	12,669,240	14,791,875

Prepayments and other debit balances include:

- The value of the land and building (Kilo 14 branch) expropriated by government agencies for the development of slum areas in Jeddah, with a book value of 3,469,031 Saudi riyals, which is the value expected to be received as compensation from the competent authorities in exchange for expropriation. The value was determined based on the approved evaluation reports as of December 31, 2022 from an accredited appraiser who holds an expropriation certificate from the Saudi Authority for Accredited Appraisers, Saber Real Estate Appraisal - License No. 1210000589, The title deed of the Kilo 14 branch land (Ain Al-Azizia area) owned by the parent company is still in the name of the previous owner according to the sale and payment of the price.

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9. LOANS AND BANK FACILITIES

During the year of 2018, The Company has a long-term loan of SAR 35.1 million in the form of a long-term finance lease to finance capital expansions. This loan is secured by a mortgage on plots of land from the Group (Note 4). This loan carries an annual interest rate of 8%. The total financing charges related to this loan have been fully deducted in advance from the amount received. The calculated amount is repayable in quarterly installments ending on 15 October, 2024.

In 2020, the Company reached an agreement to reschedule the loan installments, which resulted in additional financing charges of SAR 3,216,731, to be paid during the new loan term, which will end on October 15, 2024.

9/1 Current and non-current loans:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Yanal Finance Company (formerly Saudi Orix)	<u>6,415,007</u>	<u>10,195,158</u>
	6,415,007	10,195,158

9/2 Movement in loans:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Balance at the beginning of the period / Year	<u>10,195,158</u>	<u>15,756,948</u>
Interest charge during the period / year	<u>219,849</u>	<u>1,438,210</u>
Paid during the period/year	<u>(4,000,000)</u>	<u>(7,000,000)</u>
Balance at the end of the period / Year	6,415,007	10,195,158

9/3 The financing maturity schedule is as follows at the end of the period/year:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
2024	<u>6,415,007</u>	<u>10,195,158</u>
	6,415,007	10,195,158

10. EMPLOYEE TERMINATION BENEFITS

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Balance at the beginning of the period / Year	<u>10,956,265</u>	<u>12,360,015</u>
Charged to profit or loss statement		
Charged to profit or loss during the period / Year	<u>714,571</u>	<u>1,310,709</u>
Interest cost during the period / year	<u>--</u>	<u>587,982</u>
	714,571	1,898,691
Charged to OCI		
Re-measurement (Gain)	<u>--</u>	<u>(145,833)</u>
Paid during the period /year	<u>(1,462,304)</u>	<u>(3,156,608)</u>
Balance at the end of the period / Year	10,208,532	10,956,265

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11. BASIC AND DILUTED PROFIT/ (LOSS) PER SHARE

The loss per share was calculated from the net loss for the period ending 30 June 2024, based on the average number of shares outstanding on that date, amounting to 15,808,467 shares (31 June, 2023: 15,808,467 million shares).

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Net (loss)/ profit attributable to the shareholders of the company	<u>(1,564,627)</u>	<u>4,254,442</u>	<u>(4,817,066)</u>	<u>997,510</u>
Weighted average number of common shares	<u>15,808,467</u>	<u>15,808,467</u>	<u>15,808,467</u>	<u>15,808,467</u>
(Loss/ profit basic per share (EPS) from continuing operations	<u>(0.10)</u>	<u>0.27</u>	<u>(0.30)</u>	<u>0.06</u>

Loss per share is calculated from the net loss for the period based on the weighted average number of common shares outstanding after adjusting for the effect of the potential dilution of common shares, if any

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

12. ZAKAT AND INCOME TAX

The Company is subject to zakat. Zakat is payable at 2.5% of the approximate zakat base or adjusted net profit, whichever is higher. The most important components of the zakat base according to the zakat regulations consist mainly of equity, provisions, long-term loans and adjusted net profit minus the net book value of non-current assets. The subsidiary is subject to income tax, which is payable at 22.5% of the taxable net profit.

The movement in the zakat and foreign tax payable was as follows:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Balance at the beginning of the period/ year	<u>1,016,127</u>	<u>931,627</u>
Charge during the period/ year	<u>--</u>	<u>269,366</u>
Paid during the period/ year	<u>--</u>	<u>(184,866)</u>
Balance at the end of the period/ year	<u>1,016,127</u>	<u>1,016,127</u>

Raydan Food Company

The company submitted its zakat returns till 2023 and settled all liabilities related to this year and received zakat certificate.

The tax status of Raydan Food Company

All value added tax return submitted till June 2023.

Raydan Kitchens and Restaurants Company Egypt

The tax return was submitted on the legal date and payment of its obligations.

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12. ZAKAT AND INCOME TAX (CONTINUED)

Money corporation tax

- The company was notified with Form 19 Estimate for the period from the beginning of the activity until 31 December, 2016, and it was objected to and a request for re-examination will be submitted.
- The company was notified with Form (4/3) to prepare the examination documents for the years from 2018 until 2020.
- The tax return for the year ending in 2023 was submitted on the legal date.

Value Added Tax

- The company was tax inspected from the beginning of the activity until 2018, and the company paid the tax inspection differences.
- The company has not received any notifications for the years from 2019 to 2023.

Payroll tax

The competent authority notified the company with an estimate form (38) for the years since the beginning of the activity, until the year 2016G, and it was objected to within the legal deadlines and a request for re-examination will be submitted.

Withholding tax

The company transfer the amounts deducted from the dealing parties to the Tax Authority within the legal deadlines.

Stamp duty Tax

The company has not been inspected as of the date of the financial statements.

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13. RELATED PARTIES DISCLOSURES

The following table illustrated the total of significant transactions with the related parties during the year and related balance as at 30 June 2024 and 30 June 2023:

13/1 Transaction with related parties

<u>Name of Related party</u>	<u>Type of relationship</u>	<u>Nature of transaction</u>	<u>Amount of transaction during the period</u>		<u>Balance</u>	
			<u>30 June 2024 (Unaudited)</u>	<u>30 June 2023 (Unaudited)</u>	<u>30 June 2024 (Unaudited)</u>	<u>31 December 2023 (Audited)</u>
Al-Jonah Sweets and Outside Catering Ltd	Associate company	sales/purchases	3,208,759	2,791,906	2,681,117	2,947,258
					2,681,117	2,947,258

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

	<u>Nature of transaction</u>	<u>30 June 2024 (Unaudited)</u>	<u>30 June 2023 (Unaudited)</u>
Board & Key senior management employees	Board members' remuneration	1,408,327	1,767,341
	Salaries and allowances	1,314,120	1,649,119
	Employee benefit obligations	346,229	77,596
		3,068,676	3,494,056

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14. BUSINESS SEGMENTS

The presentation of the major segments has been determined on the basis that the risks and rewards associated with the Group are significantly affected by the differences in the products of those segments. These sectors are organized and managed separately according to the nature of services and products, so that each of them forms a separate unit. The operating segments described below are identified by distinguishing between service activities from which the Company generates revenues and incurs costs.

The economic characteristics are reviewed and the operating segments are grouped based on the organization conducted by the operating decision maker at least quarterly, which is reviewed by the company's senior management

The Group is divided into business units according to the nature of their products and services. In order to manage them, I have the following business segments:

- Traditional meals
- Catering services
- Other segments

The following is a summary of some financial information by business sectors as at and for the three-month period on 30 June 2024 and 2023, which are summarized according to the business segments mentioned above:

	Sector Reports			Total
	Traditional meals (Branches)	Catering Services	Other segments	
30 June 2024 (Unaudited)				
Revenue	79,248,798	9,998,664	786,370	90,033,832
Cost of revenue	(88,833,662)	(9,430,596)	3,413,360	(94,850,898)
Net (loss)/ profit of the sector	(9,584,864)	568,068	4,199,730	(4,817,066)
Sector assets	206,272,529	8,249,995	42,972,348	257,494,872
Sector liabilities	104,728,011	3,618,143	--	108,346,154

	Sector Reports			Total
	Traditional meals (Branches)	Catering Services	Other segments	
30 June 2023 (Unaudited)				
Revenue	85,191,582	16,128,373	1,755,244	103,075,199
Cost of revenue	(93,916,127)	(9,636,465)	1,474,903	(102,077,689)
Net loss/ profit of the sector	(8,724,545)	6,491,908	3,230,147	997,510
Sector assets	228,729,329	9,022,965	58,838,419	296,590,713
Sector liabilities	106,210,936	4,455,992	--	110,666,928

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14. BUSINESS SEGMENTS (CONTINUED)

Geographical segments:

The Group operates mainly in the western region in the Western Kingdom of Saudi Arabia and also operates in other regions of the Kingdom of Saudi Arabia Arab Republic of Egypt. The following is a summary of some information according to geographical regions:

	<u>Western region</u>	<u>Other regions</u>	<u>Total</u>
<u>As at 30 June 2024, and for the six-month period then ended:</u>			
Revenue	<u>89,247,462</u>	<u>786,370</u>	<u>90,033,832</u>
Property, plant and equipment	<u>130,974,271</u>	<u>--</u>	<u>130,974,271</u>
	<u>Western region</u>	<u>Other regions</u>	<u>Total</u>
<u>As at 30 June 2023, and for the six-month period then ended:</u>			
Revenue	<u>101,319,955</u>	<u>1,755,244</u>	<u>103,075,199</u>
Property, plant and equipment	<u>135,742,608</u>	<u>-</u>	<u>135,742,608</u>

15. FINANCIAL INSTRUMENTS

15/1 Fair value measurement of financial instruments

As of 30 June 2024, and 31 December, 2023, the Company did not have any financial instruments measured at fair value.

15/2 Financial Instruments Risk Management

The Company's activities expose it to multiple financial risks such as credit risk, liquidity risk, market price risk, currency risk and interest rate risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to meet its obligation, causing the other party to incur a financial loss. The company is exposed to credit risk through trade receivables, due from related parties and bank balances as follows:

- The Company manages credit risk in trade receivables by setting credit limits for each customer and monitoring uncollected receivables on an ongoing basis.
- Debtors are monitored so that the company does not incur material bad debts. Cash balances are held in banks with financial institutions with high credit ratings.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell financial assets quickly at an amount close to their fair value. Liquidity risk is managed by monitoring liquidity on an ongoing basis and ensuring that adequate financial resources are available. Concentrations of liquidity risk may arise from the terms of payment of financial liabilities, sources of funding and borrowings, or reliance on a specific market for liquid assets.

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15. FINANCIAL INSTRUMENTS (CONTINUED)

15/2 Financial Instruments Risk Management (continued)

Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, such as foreign exchange rates and interest rates, affecting a company's profit or the value of its financial assets. The objective of market risk management is to manage and maintain market risk exposure within acceptable limits, while optimizing the return.

Currency Risk

Currency risk is the risk that the value of financial instruments will fluctuate as a result of changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency different from the Company's functional currency.

Capital Management

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

16. FINANCIAL INSTRUMENTS

The Group's financial assets consist of cash and cash equivalents, due from related parties and trade receivables, net, and its financial liabilities consist of trade payables, and long-term loan. The fair values of financial instruments are not materially different from their carrying values. As at 30 June 2024, the Group did not hold any financial instruments measured at fair value.

17. SUBSEQUENT EVENTS

The management believes that there are no significant subsequent events since the end of the period that may affect the financial position of the group or the disclosures in the financial statements, except for what has been disclosed.

18. COMPARISON FIGURES

Certain comparative figures have been reclassified to conform to the current presentation of the condensed consolidated interim financial statements.

19. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 3 Safar 1446H corresponding to 7 August 2024G