

**ANAAM INTERNATIONAL HOLDING GROUP COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**ANAAM INTERNATIONAL HOLDING GROUP COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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## INDEPENDENT AUDITOR'S REPORT

The Shareholders'  
Anaam International Holding Group Company  
(A Saudi Joint Stock Company)

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Anaam International Holding Group Company ("the Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

#### Basis for Opinion

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

#### Material uncertainty related to going concern

We draw attention to note 2.4 to the consolidated financial statements which indicates that the Group has incurred a loss after zakat of SR 31.5 million during the year ended 31 December 2022 and; as of that date the Group's current liabilities exceeded its current assets by SR 242.27 million. These events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Emphasis of Matters

We draw attention to the following:

- As stated in note no. 6 to the accompanying consolidated financial statements, the property, plant and equipment includes land amounting to SR 14 million for which the ownership is not yet registered in the name of the Group.
- As stated in note no. 7 to the accompanying consolidated financial statements, the investment properties include a plot of land with a fair value of SR 16.5 million of which the ownership is not registered in the name of the Group.

Our opinion is not modified in respect to these matters.

#### Other Matters

- The consolidated financial statements of the Group as at 31 December 2021 were audited by another auditor who expressed an unmodified opinion on 31 March 2022.
- As part of our audit of the consolidated financial statements as at and for the year ended 31 December 2022, we also audited the retrospective adjustments described in Note 34 to the consolidated financial statements that were applied to restate the comparative information.

We were not engaged to audit, review, or apply any procedures to the comparative information, other than with respect to the retrospective adjustments described in Note 34 to the consolidated financial statements.

Accordingly, we do not express an opinion or any other form of assurance on comparative information. However, in our opinion, the retrospective adjustments described in Note 34 to the consolidated financial statements are appropriate and have been properly applied.

**Independent Auditor's Report to the Shareholders' Anaam International Holding Group Company, (A Saudi Joint Stock Company) (Continued)**

**Key Audit Matters**

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

**Fair valuation of investment properties**

Key Audit Matter	How our audit addressed the key audit matter
<p>Refer to note 4.1.1 for the related disclosures</p> <p>Since inception, the Group had adopted the cost model to measure the investment properties. During the year ended 31 December 2022, the Board of Directors has resolved to change its accounting policy for measurement of the investment properties from cost to fair value model (refer to note 34 for the impact of change in accounting policy from cost model to fair value model).</p> <p>The Group believes that subsequent measurement using the fair value model provides more relevant information about the financial performance of these assets and assists users to better understand the risks associated with these assets.</p> <p>During the year ended 31 December 2022, the Group has further acquired additional investment properties amounting to SR 325 million and SR 24.2 million located at Jeddah City. The investment properties are amounted to SR 464 million as at 31 December 2022.</p>	<ul style="list-style-type: none"> <li>Assessed the competence, capability and objectivity of the managements' property valuers and evaluated their scope of work.</li> <li>Evaluated the fair valuation reports received from the management's experts and agreed the total valuation in the reports to the amounts reported in the consolidated financial statements.</li> <li>Performed recalculation and checked the arithmetical accuracy of the determination of the net fair value gain.</li> <li>Obtained and reviewed the assumptions used by the independent valuers in determining the fair values of the investment properties.</li> <li>Recalculated the impact of change in accounting policy and evaluate whether it has been considered retrospectively as per IFRS.</li> <li>Evaluated the adequacy and appropriateness of disclosures made in the consolidated financial statements in accordance with IFRS.</li> </ul>

**Other Information**

Other information consists of the information included in the Group's 2022 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Group's 2022 annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Group's annual report, 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' Anaam International Holding Group Company, (A Saudi Joint Stock Company) (Continued)

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

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

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

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

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

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

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

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

**Independent Auditor's Report to the Shareholders' Anaam International Holding Group Company,  
(A Saudi Joint Stock Company) (Continued)**

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For BDO Dr. Mohamed Al-Amri & Co.

Maher Al-Khatieb  
Certified Public Accountant  
Registration No. 514



24 Shawal 1444(H)  
14 May 2023 (G)

**ANAAM INTERNATIONAL HOLDING GROUP COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**  
(All amounts are in Saudi Riyals unless otherwise stated)

		31 December 2021 (Restated, Note 34)	1 January 2021 (Restated, Note 34)
	Note	31 December 2022	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	62,628,796	57,488,393
Investment properties	7	464,011,852	88,611,500
Intangible asset and goodwill	8	65,482	5,483,734
Long term investments	9	3,951,250	3,951,250
<b>Total non-current assets</b>		<b>530,657,380</b>	<b>155,534,877</b>
<b>Current assets</b>			
Inventories	10	3,401,663	509,263
Trade receivables	11	9,119,312	1,317,006
Prepayments and other receivables	12	2,563,346	16,176,428
Short term investments	13	44,033,654	-
Cash and cash equivalents	14	4,854,876	95,393,009
		<b>63,972,851</b>	<b>113,395,706</b>
<b>Non-current assets classified as held for sale</b>		<b>-</b>	<b>-</b>
<b>Total current assets</b>		<b>63,972,851</b>	<b>113,395,706</b>
<b>TOTAL ASSETS</b>		<b>594,630,231</b>	<b>268,930,583</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	15	315,000,000	105,000,000
(Accumulated losses)/retained earnings		(40,335,540)	2,955,809
<b>Equity attributable to owners of the Parent Company</b>		<b>274,664,460</b>	<b>107,955,809</b>
Non-controlling interests	8.4	6,795,044	7,343,581
<b>Total equity</b>		<b>281,459,504</b>	<b>115,299,390</b>
<b>Non-current liabilities</b>			
Long-term loans - non-current portion	16	618,579	-
Government grant - non-current portion		1,607,907	1,761,337
Provision for employee benefits	17	4,704,397	2,300,809
<b>Total non-current liabilities</b>		<b>6,930,883</b>	<b>4,062,146</b>
<b>Current liabilities</b>			
Trade payables		3,079,403	1,298,833
Accrued expenses and other payables	18	9,662,234	9,569,847
Dividends and due to shareholders	19	13,848,165	12,979,359
Due to related parties	20	8,633,341	3,528,354
Long term loans - current portion	16	168,354,906	15,105,254
Government grant - current portion		160,122	160,122
Provision for zakat	21.3	102,501,673	106,927,278
<b>Total current liabilities</b>		<b>306,239,844</b>	<b>149,569,047</b>
<b>Total liabilities</b>		<b>313,170,727</b>	<b>153,631,193</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>594,630,231</b>	<b>268,930,583</b>

Chief Financial officer

Chief Executive Officer

Authorized Board Member

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements.

**ANAAM INTERNATIONAL HOLDING GROUP COMPANY**  
(A SAUDI JOINT STOCK COMPANY)  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	31 December 2022	31 December 2021 (Restated, Note 34)
Rental income		19,783,029	7,737,793
Revenue from contracts with customers		10,535,164	-
<b>Revenue</b>	23	<b>30,318,193</b>	<b>7,737,793</b>
Cost of revenue		(17,424,815)	(5,129,717)
<b>Gross profit</b>		<b>12,893,378</b>	<b>2,608,076</b>
Selling and marketing expenses	24	(2,133,951)	(364,505)
General and administrative expenses	25	(27,730,598)	(19,294,553)
<b>Loss from operations</b>		<b>(16,971,171)</b>	<b>(17,050,982)</b>
Impairment loss on goodwill	8.2	(7,862,196)	(6,739,289)
Fair value loss on FVTPL investments - net	26	(24,627,062)	-
Finance costs		(5,862,022)	(316,835)
Other income	27	27,676,031	5,925,840
<b>Loss before zakat</b>		<b>(27,646,420)</b>	<b>(18,181,266)</b>
Zakat expense	21.1	(3,819,075)	-
<b>Loss after zakat from continuing operations</b>		<b>(31,465,495)</b>	<b>(18,181,266)</b>
<b>Discontinued operations</b>			
Profit from discontinued operations - net of zakat	28	-	20,932,558
<b>(Loss) / profit for the year</b>		<b>(31,465,495)</b>	<b>2,751,292</b>
<b>Other comprehensive (loss) / income:</b>			
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>			
Re-measurement (loss) / gain on employees' benefits	17	(1,892,494)	742,361
<b>Total comprehensive (loss) / income for the year</b>		<b>(33,357,989)</b>	<b>3,493,653</b>
<b>(Loss) / profit for the year attributable to:</b>			
Owners of the Parent Company		(28,319,864)	3,737,711
Non-controlling interests	8.4	(3,145,631)	(986,419)
		<b>(31,465,495)</b>	<b>2,751,292</b>
<b>Total comprehensive (loss) / income for the year attributable to:</b>			
Owners of the Parent Company		(30,208,849)	4,480,072
Non-controlling interests		(3,149,140)	(986,419)
		<b>(33,357,989)</b>	<b>3,493,653</b>
<b>Basic and diluted (loss) / earnings per share attributable to owners of the Parent Company</b>			
(Loss) / profit per share for the year	29.1	(1.17)	0.25
Loss per share for the year from continuing operations	29.2	(1.17)	(1.15)

Chief Financial officer

Chief Executive Officer

Authorized Board Member

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements.

ANAAM INTERNATIONAL HOLDING GROUP COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
(All amounts are in Saudi Riyals unless otherwise stated)

<u>Attributable to the owners of the Parent Company</u>					
Note	Share capital	(Accumulated losses) / retained earnings	Total	Non-controlling interests	Total Equity
	105,000,000	(16,054,747)	88,945,253	-	88,945,253
Effect of change in accounting policy (*)	34	-	14,530,484	-	14,530,484
<b>Balance as at 1 January 2021 (Restated)</b>	<b>105,000,000</b>	<b>(1,524,263)</b>	<b>103,475,737</b>	<b>-</b>	<b>103,475,737</b>
Non-controlling interests on acquisition of subsidiary	-	-	-	8,330,000	8,330,000
Profit for the year (Restated)	-	3,737,711	3,737,711	(986,419)	2,751,292
Other comprehensive income for the year	-	742,361	742,361	-	742,361
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>4,480,072</b>	<b>4,480,072</b>	<b>(986,419)</b>	<b>3,493,653</b>
<b>Balance as at 31 December 2021 (Restated)</b>	<b>105,000,000</b>	<b>2,955,809</b>	<b>107,955,809</b>	<b>7,343,581</b>	<b>115,299,390</b>
<b>Balance as at 1 January 2022</b>	<b>105,000,000</b>	<b>(10,117,086)</b>	<b>94,882,914</b>	<b>7,343,581</b>	<b>102,226,495</b>
Effect of change in accounting policy (*)	34	-	19,812,184	-	19,812,184
Effect of error - impairment loss on intangible asset and goodwill	8.2 / 34	-	(6,739,289)	-	(6,739,289)
<b>Balance as at 1 January 2022 (Restated)</b>	<b>105,000,000</b>	<b>2,955,809</b>	<b>107,955,809</b>	<b>7,343,581</b>	<b>115,299,390</b>
Increase in share capital	210,000,000	-	210,000,000	-	210,000,000
Capital increase expenses	-	(13,082,500)	(13,082,500)	-	(13,082,500)
Non-controlling interests on acquisition of subsidiary	-	-	-	2,600,603	2,600,603
Loss for the year	-	(28,319,864)	(28,319,864)	(3,145,631)	(31,465,495)
Other comprehensive loss for the year	-	(1,888,985)	(1,888,985)	(3,509)	(1,892,494)
<b>Total other comprehensive loss for the year</b>	<b>-</b>	<b>(30,208,849)</b>	<b>(30,208,849)</b>	<b>(3,149,140)</b>	<b>(33,357,989)</b>
<b>Balance as at 31 December 2022</b>	<b>315,000,000</b>	<b>(40,335,540)</b>	<b>274,664,460</b>	<b>6,795,044</b>	<b>281,459,504</b>

(\*) Refer to note 34 for the impact of change in accounting policy from cost model to fair value model of the investment properties.

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Chief Financial officer

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Chief Executive Officer

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Authorized Board Member

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements.

**ANAAM INTERNATIONAL HOLDING GROUP COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	31 December 2022	31 December 2021 (Restated, Note 34)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss) / profit before zakat from continuing operations		(27,646,420)	2,751,292
Loss before zakat from discontinued operations		-	(20,932,558)
<b>Loss before zakat</b>		<b>(27,646,420)</b>	<b>(18,181,266)</b>
<b>Adjustments for non-cash items:</b>			
Depreciation on property, plant and equipment	6.1	3,983,744	4,193,226
Amortization of software	8.1	503,760	200,271
Fair value gain on investment properties	27	(26,250,352)	(5,281,700)
Allowance for expected credit losses and write off	11.1 / 11	278,171	2,601,397
Gain on sale of property, plant and equipment		(1,110,160)	-
Impairment loss on goodwill	8.2	7,862,196	6,739,289
Unrealized fair value loss on FVTPL investments	26 / 13.1	25,010,196	-
Realized fair value loss on FVTPL investments	26 / 13.1	541,155	-
Finance costs		5,862,022	316,835
Provision for employee benefits	17	846,414	309,825
Dividend income		(924,289)	-
		<b>(11,043,563)</b>	<b>(9,102,123)</b>
<b>Changes in working capital</b>			
Inventories		(1,615,668)	(509,263)
Trade receivables		(6,663,744)	385,963
Prepayments and other receivables		14,076,516	(19,757,794)
Accrued expenses and other payables		(2,035,024)	5,456,117
Due to related parties		5,104,987	-
Trade payables		1,546,928	(4,196,906)
<b>Cash from / (used in) operations</b>		<b>10,413,995</b>	<b>(18,621,883)</b>
Employee benefits paid	17	(831,106)	(2,123,724)
Finance costs paid		(5,862,022)	(316,835)
Zakat paid	21.3	(8,244,680)	-
<b>Net cash used in operating activities</b>		<b>(15,567,376)</b>	<b>(30,164,565)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	6	(3,708,464)	(2,304,422)
Proceeds from sale of property, plant and equipment		2,927,005	71,800,000
Purchase of intangible asset and goodwill	8.1	(76,219)	(26,000)
Purchase of investments in FVTPL	13.1	(80,511,767)	(3,951,250)
Proceeds from sale of investments in FVTPL	13.1	10,926,762	-
Purchase of investment properties	7	(349,150,000)	-
Acquisition of a subsidiary - net of cash acquired		(4,385,736)	(20,400,000)
<b>Net cash (used in) / from investing activities</b>		<b>(423,978,419)</b>	<b>45,118,328</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Issuance of shares net of underwriting commission		196,917,500	-
Dividends and due to shareholders paid		868,806	(17,114)
Proceeds from long-term loans		153,791,356	-
Repayments of long-term loans		(2,570,000)	-
<b>Net cash from / (used in) financing activities</b>		<b>349,007,662</b>	<b>(17,114)</b>
<b>(Decrease) / increase in cash and cash equivalents</b>		<b>(90,538,133)</b>	<b>14,936,649</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>95,393,009</b>	<b>80,456,360</b>
<b>Cash and cash equivalents at end of the year</b>	14	<b>4,854,876</b>	<b>95,393,009</b>

Chief Financial officer

Chief Executive Officer

Authorized Board Member

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements.

**ANAAM INTERNATIONAL HOLDING GROUP COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
(All amounts are in Saudi Riyals unless otherwise stated)

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## 1. CORPORATE INFORMATION

Anaam International Holding Group Company (the “Company”) is a Saudi joint stock Company established in accordance with Commercial Registration No. 4030035073 dated 7/9/1402(H) corresponding to 29 June 1982. The registered office is located in Jeddah.

The Company and its subsidiaries’ (referred to it as the “Group”) main activities were performing all operations of marine transport of livestock within and outside the Kingdom, possession of all means of marine and overland transport necessary to the Group, trading of marine equipment necessary for the ships of the Group, trading of livestock and fodder, related operations of meat production and its transportations, management and operation of slaughterhouses and meat manufacturing, establishing, managing and operating centers and industrial projects, wholesale and retail trade in foodstuff, carryout import, export and marketing to third parties and public services in the fields of trading and distribution agencies.

On 3 December 2020, the Company has changed its activities of cultivation and trading of feedstuffs, wholesale and retail trade in foodstuffs, warehousing and leasing services to managing subsidiaries or participating in the management of other companies in which the Group contributes, providing the necessary support for them, investing their money in shares and other securities, owning real estate and movables necessary to conduct its activities, and providing loans, guarantees and financing for its subsidiaries.

The Company has the following subsidiaries included in the consolidated financial statements. All these companies are established in the Kingdom of Saudi Arabia and are owned 100% by the Company directly and indirectly except for Saudi Wasit Factory for Entertainment and Beauty Systems where the Company owns 51% and ARW Industry Company where the Company owns 55%.

<u>Subsidiaries</u>	<u>Main activity</u>	<u>Commercial registration</u>
Saudi Cold Store Company Limited	Foodstuff trading & rental storage (dormant entity)	4030007971
Anaam International Food Co., Ltd.	Foodstuff trading	4030166809
Anaam International Agricultural Company (*)	Agricultural production (dormant entity)	4030035281
Anaam International Investment Company	Real estate and services (dormant entity)	4030165735
Anaam International Financial Company (**)	wholesale trading (dormant entity)	4030165733
Saudi Wasit Factory for Entertainment and Beauty Systems	Entertainment and Beauty	1126002218
ARW Industry Company	Manufacturing of medical equipment and healthcare products	4030288106

(\*) The board of directors resolved to liquidate the entities.

(\*\*) The Company has been liquidated during the year.

There has been no change in the Group’s interest in its subsidiaries since its last annual consolidated financial statements for the year ended 31 December 2021 except for the below.

During the year, the Group has acquired 55% shares of the ARW Industry Company. Its main activities include single-use medical products and consumables and manufacture of sterilization devices and equipment (refer to note 5 for further details).

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These consolidated financial statements for the year ended 31 December 2022 have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (collectively referred to as “IFRSs as endorsed in KSA”).

## **2. BASIS OF PREPARATION (Continued)**

### **2.2 Basis of measurement**

These consolidated financial statements are prepared under the historical cost convention, using the accruals basis of accounting, except for provision for employee benefits, which are measured at present value for the future obligations.

### **2.3 Functional and presented currency**

These consolidated financial statements are presented in Saudi Riyals (SR) which is the functional and presentation currency.

The group's fiscal year starts from the beginning of January of each calendar year and ends at the end of December of the same year.

### **2.4 Going concern assessment**

The Group has incurred a loss for the year of SR 31.5 million for the year ended 31 December 2022 and as of that date, the Group's accumulated losses amounted to SR 40.3 million and its current liabilities exceeded current assets by SR 242.3 million. These events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. These consolidated financial statements have been prepared on a going concern basis as, amongst others:

- the Company has increased its share capital by SR 210 million during the year ended 31 December 2022 by issuance of right shares to finance the working capital of the Group (refer to note 15 for details);
- Alinma Bank waived the Company with respect to a breach of covenants subsequent to the reporting date;
- total equity is positive at 31 December 2022; and
- the Company is planning to further increase its share capital.

## **3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The preparation of the consolidated financial statements in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the recognized amounts of revenues, cost, assets and liabilities, and disclosures of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates may result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities in the future period.

These estimates and assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying amounts of assets and liabilities that cannot be determined from other sources. Estimates and assumptions are reviewed periodically, and adjustments to accounting estimates are recognized in the period in which the estimates are revised or recognized in the adjustment period, and future periods if the modification changes the current and future periods.

### ***Acquisition of subsidiary***

Fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis.

### ***Business combinations***

Accounting for the acquisition of a business requires the allocation of the purchase price to various assets and liabilities of the acquired business. For most assets and liabilities, the purchase price allocation is accomplished by recording the asset or liability at its estimated fair value. Determining the fair value of assets acquired and liabilities assumed requires judgment by management and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates and the useful lives of assets.

### **3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)**

#### ***Allowance for expected credit loss***

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

The Group reviews its trade receivables at each reporting date to assess whether a provision for credit losses should be recorded in the consolidated statement of profit or loss and other comprehensive income.

#### ***Assessment of significant influence***

Where the Group holds less than 20% of voting rights in an investment but the Group has the power to exercise significant influence, such an investment is treated as an associate. In the opposite situation where the Group holds over 20% of voting rights (but not over 50%) and the Group does not exercise significant influence, the investment is treated as a fair value through other comprehensive income.

#### ***Estimate of zakat***

The Group's zakat charge on ordinary activities is the sum of the total zakat. The calculation of the Group's zakat charge involves a degree of estimation and judgment in respect of certain items whose treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process.

#### ***Useful lives of property, plant and equipment***

Management determines the estimated useful lives of property, plant, and equipment for calculating depreciation. The cost of property, plant and equipment is depreciated over the estimated useful life which estimated based on the expected use and obsolescence of the assets and the maintenance and repair programs as well as the technical obsolescence and the recoverable amount of the assets. Management reviews the residual value and useful lives annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates.

#### ***Fair value of investment properties***

The Group carries its investment properties at fair value, with changes in fair value recognized in the consolidated statement of profit or loss and other comprehensive income.

The fair value of investment properties is determined by independent real estate valuation experts using recognized valuation methods. These methods comprise the market comparison method, cost method and income capitalization method.

The market comparison method is based on comparing the property with similar properties from the market, to find the capital or rental value of the property directly. The market value can be identified by looking for evidence about the transactions and deals that took place recently in the real estate market.

The cost method for fair valuation is a technique used to value an investment or asset based on its original cost. Under the cost method, an investment is valued at the cost to acquire it, plus any additional costs incurred to bring it to its current condition or location. This method assumes that the original cost is a reliable indicator of fair value, as long as there have been no significant changes to the investment or asset since it was acquired.

Under the income capitalizations method, the income receivable under existing lease agreements and projected future rental streams are capitalized at appropriate rates to reflect the investment market conditions at the valuation dates.

The Group's undiscounted future cash flows analysis and the assessment of expected remaining holding period and income projections on the investment properties requires management to make significant estimates and judgements related to future rental yields and capitalization rates.

### 3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)

#### *Actuarial valuation of the provision for employee benefits*

Cost of employees' end of service indemnities is determined under the defined unfunded benefits program, which is measured using actuarial valuation. The actuarial valuation includes many assumptions that may differ from actual developments in the future. These assumptions include determining the discount rate, future salary increases, employee behavior, and employee's turnover. Given the complexity of the evaluation and its long-term nature, the specific unfunded benefits obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed once or more per year when necessary.

#### *Provision of damaged and slow-moving inventories*

Factors affecting the estimation of the provision based on the Group's previous experience include the current stock situation, current, and future sales projections. Accordingly, the Group considers these factors and takes them into account to calculate a provision for damaged inventories and slow-moving items. Estimates of the provision may change substantially from year to year. Any adjustments that may result from the difference in these factors are periodically reviewed.

#### *Measurement of fair value*

Fair value is the amount to be received for the sale of an asset, or its payment to convert any of the liabilities in a regular transaction between the market participants on the measurement date under prevailing market conditions for example, the present price regardless of whether it is directly observable or estimated using another valuation method.

The fair value measurement is based on the assumption that the sale of the asset or the transfer of the obligation will be either:

- Through the main market of the asset or liability, or
- Through the most beneficial market for the asset or liability in the absence of the main market.
- The main or most beneficial market must be available to the group to access.

The fair value of an asset or liability is measured using the assumptions assumed by market participants when pricing an asset or liability on the assumption that market participants are working in the best interest of their economy.

The measurement of the fair value of a non-financial asset takes into account the ability of market participants to provide economic benefits by using the asset to obtain the best benefit from it or to sell it to another party for use in the best interest. The Group uses valuation techniques that are appropriate to the circumstances and have sufficient data to measure fair value, maximize the use of relevant observable data and minimize the use of undisclosed data.

All assets and liabilities that are measured at fair value or whose fair values are disclosed in the consolidated financial statements are classified according to the hierarchy of the fair values shown below based on the lower-level data that is material to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities matching those that are measured.
- Level 2: inputs that are observable for the asset or liability, either directly or indirectly other than prices quoted in level one and
- Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

#### *Impairment of non-financial assets*

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flow management makes assumptions about future operating results. These assumptions are related to future events and circumstances. The actual results may vary and may cause significant adjustments to the Group's assets within the next financial year.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 4.1 Significant changes in accounting policy

###### 4.1.1 Investment Properties

During the year, the Group has changed its accounting policy with respect to the subsequent measurement of investment properties from the cost model to the fair value model. The Group believes that subsequent measurement using the fair value model provides more relevant information about the financial performance of these assets and assists the users to better understand the risks associated with these assets.

Refer to note 34 for the impact of change in accounting policy from cost model to fair value model.

Investment properties consist of land held by the Group for the purpose of earning rental income or growing capital through value appreciation or for both purposes and do not include land and buildings used for the production or supply of goods or services or for administrative purposes or for regular sale purposes.

Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair value of investment properties are included in consolidated profit or loss in the period in which they arise. Fair values are determined based on annual valuations performed by accredited external independent valuers applying valuation models recommended by the International Valuation Standards Committee.

Transfers are made to / from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. If an inventory property becomes an investment property, the difference between the fair value of the property at the date of transfer and its previous carrying amount is recognized in profit or loss.

The carrying amount of the investment property is derecognized when it is disposed (either through sale or through as finance lease) or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between (a) the net proceeds from the disposal of the investment property and (b) the carrying amount of the investment property is recognized in the consolidated statement of profit or loss and other comprehensive income in the year in which the asset is disposed or written off.

##### 4.2 Standards, interpretations, and amendments to existing standards

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The most significant of these are as follows:

###### a. New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The most significant of these are as follows:

<u>IFRS</u>	<u>Title</u>	<u>Effective date</u>
IAS 1	Amendment - Disclosure of Accounting Policies	1 January 2023
IAS 8	Amendment - Definition of Accounting Estimates	1 January 2023
IAS 12	Amendment - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 16	Amendment - Lease Liability in a Sale and Leaseback	1 January 2024
IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2024
IAS 1	Amendment - Non-current Liabilities with Covenants	1 January 2014

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **4.2 Standards, interpretations, and amendments to existing standards (Continued)**

###### **b. New standards, interpretations and amendments effective in the current year**

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022 but they had no material impact on these consolidated financial statements.

###### **Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)**

IAS 37 defines an onerous contract as a contract in which the unavoidable costs (costs that the Group has committed to pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

###### **Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)**

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced during the testing phase of a manufacturing facility after it is being constructed but before start of commercial production). The proceeds from selling such samples, together with the costs of producing them, are now recognised in profit or loss.

###### **References to Conceptual Framework (Amendments to IFRS 3)**

In May 2020, the IASB issued amendments to IFRS 3, which update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

###### **Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 & IAS 41)**

- IFRS 1: Subsidiary as a First-time Adopter (FTA)
- IFRS 9: Fees in the '10 per cent' Test for Derecognition of Financial liabilities
- IAS 41: Taxation in Fair Value Measurements.

#### **4.3 Basis of consolidation**

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2022.

##### **Business combination**

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities, if any.

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

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **4.3 Basis of consolidation (Continued)**

###### **Subsidiaries**

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

###### **Non-Controlling Interests (NCI)**

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

###### **Loss of control**

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

###### **Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

##### **4.4 Classification of current and non-current items**

Assets and liabilities are presented in the consolidated statement of financial position are classified as current and non-current. The asset is classified as current when:

- The Group expects the asset to be recognized, intended to be sold or used during a normal operating cycle.
- The Group retains the assets for trading purposes.
- The Group expects to realize the asset within a period of twelve months after the financial year (Period).
- The asset is in cash or its equivalents unless it is subject to restrictions on its replacement or uses to settle an obligation for more than twelve months after the financial period.

All other assets are classified as non-current assets.

The liabilities are classified as current when:

- The settlement of the liability is expected during a normal operating cycle.
- Retains the liability primarily for the purpose of trading.
- The liability is the duty of settlement within twelve months after the financial period.
- The Group has no unconditional right to defer settlement of the liability for more than twelve months after the financial period.

All other liabilities are classified as non-current.

The accounting policies applied in these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, except for the changes in accounting policies mentioned in note 4.1.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **4.5 Financial instruments**

Financial instrument is a contract that give rise to a financial asset of one entity and financial liability or equity instrument of another entity.

##### **4.5.1 Financial assets**

###### **a) Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of debt financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a debt financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

###### **b) Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss.

###### **c) Financial assets at amortized cost (debt instruments)**

Financial assets at amortized cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognized in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognized, modified or impaired. The Group's financial assets at amortized cost includes trade and other receivables.

###### **d) Financial assets at fair value through OCI (debt instruments)**

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of profit or loss and other comprehensive income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to consolidated statement of profit or loss and other comprehensive income.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **4.5 Financial instruments (Continued)**

###### **4.5.1 Financial assets (Continued)**

###### **e) Financial assets designated at fair value through OCI (equity instruments)**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to consolidated statement of profit or loss and other comprehensive income. Dividends are recognized as other income in the consolidated statement of profit or loss and other comprehensive income, when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

###### **f) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of profit or loss and other comprehensive income.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on equity investments are recognized as other income in the consolidated statement of profit or loss and other comprehensive income when the right of payment has been established.

###### **g) Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

###### **h) Impairment of financial assets**

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through consolidated statement of profit or loss and other comprehensive income. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized 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 months ECL). For those credit exposures for which there

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 4.5 Financial instruments (Continued)

##### 4.5.1 Financial assets (Continued)

##### h) Impairment of financial assets (Continued)

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 and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group 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.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

##### 4.5.2 Financial liabilities

##### a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings and due to related parties.

##### b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below: Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of profit or loss and other comprehensive income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

##### c) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in consolidated statement of profit or loss and other comprehensive income, when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of profit or loss and other comprehensive income.

##### d) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss and other comprehensive income.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **4.5 Financial instruments (Continued)**

##### **4.5.2 Financial liabilities (Continued)**

##### **e) Offsetting of financial instruments**

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

##### **4.6 Impairment of non-financial assets**

The Group 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 Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or 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-tax 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 considered. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss and other comprehensive income.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

##### **4.7 Property, plant and equipment**

Property, plant, and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses (except land where they are not depreciated). Expenses incurred to replace any component of the asset are recognized as a separate item and are capitalized against the write-off of the carrying amount of the replacement portion. Any other capitalization is recognized only when the future economic benefits relating to the asset increase. The repair and periodic maintenance costs of the property, plant, and equipment are recognized in the consolidated statement of profit or loss and other comprehensive income.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 4.7 Property, plant and equipment (Continued)

and other comprehensive income as incurred. The useful lives of property, plant, and equipment are reviewed at the end of each year.

If the estimated useful life is different than previously estimated, the residual value of the asset is depreciated over the remaining useful life after a reassessment of the year in which the revaluation was made.

In respect of the current obligations for derecognition, restatement and similar obligations (dismantling or eliminating the assets), changes in the liability are added to or deducted from the cost of the related asset in the current period so that the amount deducted from the cost of the asset does not exceed its recorded amount and in case the amount of the loss decrease, then it must be recognized immediately in the consolidated statement of profit or loss and other comprehensive income. If the adjustment results any addition to the cost of the asset, the Group considers.

Whether this indicates that the new amount of the asset may not be fully recoverable, and if so, the Group tests the asset for impairment by estimating its recoverable amount and loss of impairment in consolidated profit or loss and other comprehensive income.

Depreciation expense is recognized in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. Assets on leased land (leasehold improvements) are depreciated over the lease term or on the shorter useful lives of the assets.

When the useful life of items of property, plant and equipment is different, they are accounted for as separate items.

Depreciation is charged to all items of property, plant and equipment to reduce their carrying amount through their estimated useful lives as follows:

Type	Useful lives (Years)
Buildings	5-40
Agricultural tools and equipment, wells, and irrigation equipment	4-10
Cars and Trucks	5-10
Furniture, office equipment and computers	4-5

The group reviews the useful lives and residual values of property, plant, and equipment at each financial year-end to ensure that it reflects the benefit obtained, and if any is traded as changes in accounting estimates (in the year of change and subsequent years).

##### Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The daily cost and expenses incurred by the group for the maintenance and operation of property, plant, and equipment are recognized in the consolidated statement of profit or loss and other comprehensive income as incurred. Improvements that subsequently increase the value of the assets or the useful life of the assets are capitalized.

##### Bearer plants

IAS 16 property, plant and equipment defined bearer plants as:

- Used in the production or supply of agricultural products.
- Expected to yield more than once during the period.
- There is a remote possibility of selling them as agricultural products other than scrap sales.

Bearer plants are initially recognized at cost less accumulated depreciation and accumulated impairment losses. The cost incurred by the Group includes the acquisition of the asset and includes the costs of raw materials, labour and all other direct costs associated with placing the asset in a condition that enables it to achieve the purpose for which it was purchased.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **4.7 Property, plant and equipment (Continued)**

Any gain or loss arising from the disposal of the fruit plant (calculated on the basis of the difference between the net proceeds of the sale and the carrying amount of the plants) is recognized in other income in the consolidated statement of profit or loss and other comprehensive income in the period in which the asset is disposed off.

##### **4.8 Intangible asset and goodwill**

###### **a) Intangible asset**

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses if any. Intangible assets are amortized on a straight-line basis over their four years of economic life.

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the expenditure can be measured reliably.

The residual values of intangible assets, their useful lives, and impairment indices are reviewed at the end of each financial year and adjusted prospectively where necessary.

###### **b) Goodwill**

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, if any, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in the cost at its acquisition-date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss.

Goodwill is recognized as an intangible asset with any impairment in carrying value being charged to the consolidated statement of profit or loss and other comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceeds the fair value of the consideration paid, the excess is credited in full to the consolidated statement of profit or loss and other comprehensive income on the acquisition date.

##### **4.9 Trade receivables**

Trade receivables are amounts due from customers for products sold in the ordinary course of business. Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less the expected credit loss allowance in value, which is recognized in the consolidated statement of profit or loss and other comprehensive income.

##### **4.10 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held with banks and other highly liquid investments with original maturities of three months or less from the date of acquisition.

##### **4.11 Inventories**

Inventories are measured at the lower of cost or net realizable value after deducting any slow-moving inventory provision. The cost of inventories is based on the weighted average method and includes expenditure incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business for the group, less the estimated costs of completion and selling expenses.

##### **4.12 Provision for zakat**

Zakat provision is calculated annually in the consolidated financial statements in accordance with the Regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia and on accruals basis. Any adjustments that may result at zakat final claim are recorded in the consolidated statement of profit or loss and other comprehensive income in the year in which the final claim is received, at this time the provision is settled.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **4.13 Value Added Tax**

The group is subject to the value-added tax system and the tax is calculated immediately after the invoice is issued or the commodity is delivered or the price or part of it is received. The VAT return is submitted on a monthly basis for the holding Group and on a quarterly basis to the subsidiary companies.

##### **4.14 Employees' end of service benefits**

The Group contributes to the pension and social insurance for its employees in accordance with the Saudi Labour Law.

###### **a) Annual leave**

The estimated liabilities of employees for annual leave are calculated according to the Saudi Labor Law.

###### **b) Provision for employee benefits**

The end of service indemnity is payable to all working employees according to the terms and conditions of the Saudi Labor Law followed by the Group, upon the termination of their service contracts.

Net liabilities of the Group in respect of defined benefit programs for unfunded employees are calculated by estimating the amount of future benefits through the actuarial valuation that the employee receives for his services in the current year and prior years. The benefits are deducted to determine the present value and any past unrecorded service costs. The discount rate used is the market return on government bonds at the consolidated financial statement date, which has maturities close to the maturity profile of the Group's liabilities. The cost of providing benefits under defined benefit programs for unfunded employees is determined using the unit's expected credit method to determine the present value of the Group's liabilities. The revaluation of defined benefit obligations consisting of actuarial profits and losses is recognized directly in the consolidated statement of other comprehensive income. The group determines the net interest expense on the defined benefit obligation for the year by applying the discount rate that is used to measure the defined benefit obligation at the beginning of the year and the net liabilities identified in it after taking into consideration any change in the net defined benefit obligations during the year and the payments of the obligations. The net interest expense and other expenses related to defined benefit plans are recognized in the consolidated statement of profit or loss.

##### **4.15 Provisions**

Provisions are recognized when the Group has a liability (statutory or constructive) arising from a past event and there is a possibility that costs to settle the obligation will arise which can be reliably measured. When the Group expects to receive compensation for some or all of the provision - for example, under an insurance contract - compensation is recognized as an independent asset but only in the event that the compensation is asserted in practice. Expenses related to the provision are presented in the consolidated statement of profit or loss and other comprehensive income net of any compensation.

##### **4.16 Transactions in foreign currencies**

Transactions carried out by the Group in currencies other than the currency of the major economic environment in which the Group operates (its functional currency - Saudi Riyal) are recorded using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities are revalued using the exchange rates prevailing at the date of preparation of the consolidated financial statements. The resulting exchange gains and losses are recognized immediately in the consolidated statement of profit or loss and other comprehensive income. Non-monetary assets and liabilities are stated at historical cost using the prevailing rate at the date of those transactions. Non-monetary items at fair value are translated using the prevailing price at the date of valuation and evaluation profits and losses are recognized as a part of this fair value.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **4.17 Revenue recognition**

###### **a) Revenue from contracts with customers**

Revenue from sale of goods is measured at the fair value of the cash consideration received or receivable from the sale of the goods in the course of the Group's normal activities. The Group recognizes revenue when control of the goods is transferred, or when the goods are delivered to the customer, and the customer is completely free to use or sell these goods, and there is no unfulfilled obligation that affects the customer's acceptance of the goods. Delivery takes place when the goods are shipped to the specified location and the risks of obsolescence and losses are transferred to the customer, and either the customer accepts the goods according to the sales contract or with the expiration of the acceptance provisions, or the group has objective evidence that all acceptance criteria are met.

###### **b) Rental income**

Rental income arising from operating leases on investment properties is recognised, in accordance with the terms of lease contracts over the lease term on a straight-line basis, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset.

##### **4.18 Deferred income from government grant**

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities. The definition of "Government" refers to Governments, Government agencies and similar bodies, whether local, national or international.

Government grant is recognized at fair value, as deferred income, when there is reasonable assurance that the grant will be received and the Group will be able to comply with the conditions associated with the grant.

Grants that compensate the Group for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. Loans at below-market rates to be initially measured at their fair value e.g., the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the Government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

##### **4.19 Statutory reserve**

In accordance with the regulations of Company's law in the Kingdom of Saudi Arabia and Company's Articles of Association, the Company must set aside 10% of its net income for the year until it has built up a reserve equal to 30% the capital. The Company may discontinue such transfer when it achieves this percentage. This reserve is not available for distribution to the shareholders.

##### **4.20 Earnings per share**

Basic earnings per share and diluted earnings per share (if any) are presented for ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year, adjusted by the number of ordinary shares repurchased or issued during the year. The diluted earnings per share are adjusted by adjusting the profit or loss attributable to ordinary equity holders of the Parent Company and the weighted average number of shares outstanding during the year with the effect of all dilutive potential ordinary shares issued during the year.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **4.21 Operating segments**

The operating segment is a component of the Group:

- a) Which carries out business activities from which it may earn revenues and incur expenses (including profit and expenses relating to transactions with the components of the same group).
- b) Whose operating results are regularly reviewed by the chief operating decision maker at the facility to make decisions about the resources to be allocated to the sector and to evaluate its performance.
- c) For which separate financial information is available.

Operating segment results reported to operational decision makers include the direct items relating to the operating segment and the items that are allocated to the operating segment to a reasonable extent. The Group has operating segments as described in note no. 32.

##### **4.22 Expenses**

Selling, marketing, general, and administrative expenses include direct and indirect expenses not considered part of the cost of sales. Selling and marketing expenses are all related to sales activity and delivery vehicles as well as other marketing related expenses. All other expenses are classified as general and administrative expenses. Joint expenses are divided between the cost of sales, selling and marketing expenses, administrative and general expenses on a consistent basis when required.

#### **5. SIGNIFICANT MATTERS DURING THE YEAR**

##### **5.1 Acquisitions during the year**

###### **a) ARW Industry Company - subsidiary**

On 26 April 2022, the Group acquired 55% shareholding of ARW Industry Company, incorporated in Jeddah, for a total consideration of SR 6.1 million (refer to note 8.2.1 for further details).

###### **b) Investment properties**

During the year, the Group acquired additional investment properties located at Jeddah City amounting to SR 325 million and SR 24.2 million, respectively (refer to note 7 for further details).

##### **5.2 Purchase price allocation exercise**

###### **a) Saudi Wasit Factory for Entertainment and Beauty Systems - subsidiary**

In respect of the 51% shareholding in Saudi Wasit Factory for Entertainment and Beauty Systems ("Saudi Wasit") acquired on 1 July 2021, the Group completed its final purchase price allocation exercise during 30 June 2022 with the assistance of independent expert. The purchase price allocation resulted in a difference - between the fair value of net assets of SR 8.67 million and the consideration paid of SR 20.4 million - amounting to SR 11.73 million which was attributed to the goodwill only (refer to note 8.2.2 for further details).

###### **b) ARW Industry Company - subsidiary**

In respect of the 55% shareholding in ARW industry Company ("ARW") acquired on 26 April 2022, the Group completed its final purchase price allocation exercise during the 31 December 2022 with the assistance of independent expert. The purchase price allocation resulted in a difference between the fair value of net assets of SR 3.18 million and the consideration of SR 6.1 million - amounting to SR 2.87 million which was attributed to the goodwill only. The acquisition also requires a contingent consideration of SR 2.2 million subject to meeting a revenue target, the probability of which could not be determined with reasonable certainty by the management. Accordingly, the contingent consideration is considered at nil amount for the purpose of goodwill calculation (refer to note 8.2.1 for further details).

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**6. PROPERTY, PLANT AND EQUIPMENT**

	Land	Buildings	Plant and machinery	Cars and trucks	Furniture, office equipment and computers	Capital projects	Total
<b>Cost</b>							
Balance as at 1 January 2021	45,335,126	43,129,368	51,515,389	12,188,595	9,895,287	-	162,063,765
Additions	-	1,991,479	96,900	-	151,043	65,000	2,304,422
Disposals	-	-	-	-	(10,415)	-	(10,415)
Reclassifications to held for sale (IFRS-5)	(31,335,126)	(18,745,940)	(45,089,144)	-	(3,475,521)	-	(98,645,731)
Reclassifications to investment properties	-	19,274,428	14,148,450	993,381	-	-	34,416,259
<b>Balance as at 31 December 2021</b>	<b>14,000,000</b>	<b>45,649,335</b>	<b>20,671,595</b>	<b>13,181,976</b>	<b>6,560,394</b>	<b>65,000</b>	<b>100,128,300</b>
Effect of error - note 34	-	(1,128,291)	(4,262,534)	-	(114,706)	-	(5,505,531)
<b>Balance as at 31 December 2021 - Restated</b>	<b>14,000,000</b>	<b>44,521,044</b>	<b>16,409,061</b>	<b>13,181,976</b>	<b>6,445,688</b>	<b>65,000</b>	<b>94,622,769</b>
Additions	-	442,619	165,455	584,759	504,584	2,011,047	3,708,464
Disposals	-	-	-	(10,936,924)	-	(428,188)	(11,365,112)
Acquired through business combination	-	3,482,268	3,591,507	834,094	455,863	-	8,363,732
<b>Balance as at 31 December 2022</b>	<b>14,000,000</b>	<b>48,445,931</b>	<b>20,166,023</b>	<b>3,663,905</b>	<b>7,406,135</b>	<b>1,647,859</b>	<b>95,329,853</b>
<b>Accumulated Depreciation</b>							
Balance as at 1 January 2021	-	28,258,173	43,544,723	10,467,674	9,696,803	-	91,967,373
Additions	-	1,220,548	2,347,567	577,637	47,474	-	4,193,226
Disposals	-	-	-	-	(10,415)	-	(10,415)
Reclassifications to held for sale (IFRS-5)	-	(12,517,816)	(41,250,944)	-	(3,358,443)	-	(57,127,203)
Impairment	-	422,713	861,118	156,888	-	-	1,440,719
<b>Balance as at 31 December 2021</b>	<b>-</b>	<b>17,383,618</b>	<b>5,502,464</b>	<b>11,202,199</b>	<b>6,375,419</b>	<b>-</b>	<b>40,463,700</b>
Effect of error - note 34	-	(1,215,475)	(2,086,419)	(10,735)	(16,695)	-	(3,329,324)
<b>Balance as at 31 December 2021 - Restated</b>	<b>-</b>	<b>16,168,143</b>	<b>3,416,045</b>	<b>11,191,464</b>	<b>6,358,724</b>	<b>-</b>	<b>37,134,376</b>
Additions	-	1,412,971	2,126,135	426,489	18,149	-	3,983,744
Disposals	-	-	-	(9,548,267)	-	-	(9,548,267)
Acquired through business combination	-	837,360	17,042	181,481	95,321	-	1,131,204
<b>Balance as at 31 December 2022</b>	<b>-</b>	<b>18,418,474</b>	<b>5,559,222</b>	<b>2,251,167</b>	<b>6,472,194</b>	<b>-</b>	<b>32,701,057</b>
<b>31 December 2022</b>	<b>14,000,000</b>	<b>30,027,457</b>	<b>14,606,801</b>	<b>1,412,738</b>	<b>933,941</b>	<b>1,647,859</b>	<b>62,628,796</b>
31 December 2021 - Restated	14,000,000	28,352,901	12,993,016	1,990,512	86,964	65,000	57,488,393

(\*) The Group has property, plant and equipment amounting to SR 23.89 million (31 December 2021: SR 20.54 million) which are fully depreciated but still in use.

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**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

During the year ended 31 December 2021, the Group transferred additional property, plant and equipment related to Al-Jouf operations with net book value amounting to SR 44.38 million to the assets held for sale.

Property, plant and equipment of the Group as of 31 December 2022 includes assets with net book value amounting to SR 31.22 million which are mortgaged against loan obtained from the Saudi Industrial Development Fund (refer to note 16[i]).

Property, plant and equipment of the Group as of 31 December 2022 includes land amounting to SR 14 million under sale and lease back agreement with Kirnaf Investment and Installment Company with an area of 9,987 square meters. The Group fulfilled and completed all the contractual terms and conditions, and in the process of changing the land title deed to Group name again. The Group has the custody of the land and its right to use in its normal operations. It was secured by a pledge of ownership transfer in exchange for the payment of financing.

6.1 The depreciation of property, plant, and equipment for the year ended 31 December 2022 was charged to the consolidated statement of profit or loss and other comprehensive income as follows:

	Note	2022	2021
Cost of sales		2,720,701	2,947,059
Selling and marketing expenses	24	49,775	-
General and administrative expenses	25	1,213,268	1,246,167
<b>Total</b>		<b>3,983,744</b>	<b>4,193,226</b>

**7. INVESTMENT PROPERTIES**

	Land	Buildings	Total
<b>Fair Value</b>			
Balance as at 01 January 2021 - restated	51,292,662	1,006,654	52,299,316
Fair value gain	14,528,130	2,354	14,530,484
<b>Balance as at 01 January 2021 - restated</b>	<b>65,820,792</b>	<b>1,009,008</b>	<b>66,829,800</b>
Additions	2,100,000	14,400,000	16,500,000
Fair value gain	5,109,509	172,191	5,281,700
<b>Balance as at 31 December 2021 - restated</b>	<b>73,030,301</b>	<b>15,581,199</b>	<b>88,611,500</b>
Additions	109,848,560	239,301,440	349,150,000
Fair value gain	17,697,043	8,553,309	26,250,352
<b>Balance as at 31 December 2022</b>	<b>200,575,904</b>	<b>263,435,948</b>	<b>464,011,852</b>

Since inception, the Group had adopted the cost model to measure the investment properties. During the year, the management has decided to change its accounting policy for measurement of the investment properties to fair value model (refer to note 34 for the impact of change in accounting policy from cost model to fair value model).

The Group has evaluated its investment properties as of reporting periods based on an evaluation carried out by independent evaluators such as Ruwad Approved Co. for Real Estate Appraisal (Registration number: 4030344686), Remax One (Registration number: 4030288972) and Hassan Hadi Real Estate Valuation (Registration number: 4030370562), registered at the Saudi Authority for Accredited valuers (Taqeem) and accordingly recorded these based on the lower of their fair values as required by the Capital Market Authority ("CMA") vide announcement dated 31 December 2019 and to be effective from 01 January 2022.

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**7. INVESTMENT PROPERTIES (Continued)**

Details of investment properties are mentioned below:

	<b>31 December 2022</b>	<b>31 December 2021 (Restated, Note 34)</b>
Land in Al-Sururiya Neighborhood - Jeddah (*)	16,500,000	16,500,000
Land in Al-Khumra District (Warehouse) - Jeddah City	3,850,000	4,489,500
Hayat Al Fursan Hotel	19,500,000	16,700,000
Land in Al-Khumra District - Jeddah City	59,729,852	45,440,000
Land in Al-Wadi Neighborhood - Jeddah City	3,450,000	3,800,000
Land in Jubail City	1,360,000	1,360,000
Land in Yanbu City	322,000	322,000
Land and Building in Prince Sultan Street - Jeddah City (**)(***)	333,000,000	-
Land and Building in Taliah Street Building - Jeddah City (**)	26,300,000	-
	<b>464,011,852</b>	<b>88,611,500</b>

(\*) Included in investment properties is a land in Jeddah with an area of 197,554 square meters with a fair value of SR 16.5 million. This land neither has title deed nor registered under the Group's name. This land was purchased by the Group at the time of the merger in 1995.

(\*\*) During the year ended 31 December 2022, the Group has purchased land and building located on Prince Sultan Street and Taliah Steet amounting to SR 325 million and SR 24.15 million respectively. These investment properties are recorded at fair value amounting to SR 333 million and 26.3 million respectively as at 31 December 2022.

(\*\*\*) The purchase of the investment property was financed from Alinma Bank (refer to note 16[iv]).

**8. INTANGIBLE ASSET AND GOODWILL**

	<b>Note</b>	<b>31 December 2022</b>	<b>31 December 2021 (Restated, Note 34)</b>
Software	8.1	65,482	493,023
Goodwill	8.2	-	4,990,711
Total		<b>65,482</b>	<b>5,483,734</b>

**8.1 Software**

Description	<b>Software license</b>		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net book value</b>
Balance as of 01 January 2021	3,380,854	(2,713,560)	667,294
Additions	26,000	(200,271)	(174,271)
Balance as of 31 December 2021	3,406,854	(2,913,831)	493,023
Additions	76,219	(503,760)	(427,541)
Balance at 31 December 2022	<b>3,483,073</b>	<b>(3,417,591)</b>	<b>65,482</b>

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**8. INTANGIBLE ASSET AND GOODWILL (Continued)**

**8.2 Goodwill**

	Note	31 December 2022	31 December 2021 (Restated Note, 34)
<b>Cost</b>			
Balance as at 1 January		4,990,711	-
Additions	8.2.1 and 8.2.2	2,871,485	11,730,000
Impairment loss	8.3 and 34	(7,862,196)	(6,739,289)
Balance as at 31 December		<u>-</u>	<u>4,990,711</u>

**8.2.1** On 26 April 2022, the Group acquired 55% shareholding of ARW Industry Company (ARW), incorporated in Jeddah, for a total consideration of SR 6.1 million out of which Group has paid SR 5 million during the year ended 31 December 2022 and the remaining amount of SR 1.05 million is payable within next 12 months. Refer to note 5.2 (b) for the details of the purchase price allocation completed on ARW (55% shareholding) during the year ended 31 December 2022. Below are the details of the fair values of ARW after the purchase price allocation at the acquisition date. No significant differences were identified between preliminary and final fair values of assets and liabilities as a result of purchase price allocation.

	<u>26 April 2022</u>
<b>Statement of financial position</b>	
<b>Assets</b>	
Property, plant and equipment	4,905,686
Inventories	1,276,732
Trade receivables	1,138,562
Prepayments and other receivables	463,434
Cash and cash equivalents	614,264
<b>Total assets</b>	(A) <u>8,398,678</u>
<b>Liabilities</b>	
Trade payables	233,640
Accrued expenses and other liabilities	205,952
Long-term loan	2,155,958
Provision for zakat	24,009
<b>Total liabilities</b>	(B) <u>2,619,559</u>
<b>Net assets</b>	(A-B) <u>5,779,119</u>
Parent share of acquired net assets (55%)	(3,178,515)
Purchase consideration	6,050,000
<b>Goodwill</b>	<u>2,871,485</u>
<b>Non-controlling interests in net assets</b>	<u>2,600,604</u>
<b>Cash outflow on acquisition</b>	
Cash consideration	(5,000,000)
Net cash acquired with the subsidiary	614,264
<b>Net cash outflow</b>	<u>(4,385,736)</u>

**8. INTANGIBLE ASSET AND GOODWILL (Continued)**

**8.2.2** Refer to note 5.2 (a) for the details of the purchase price allocation completed on Saudi Wasit for Entertainment and Beauty Systems (51% shareholding) during the year ended 31 December 2022. Below are the details of the fair values of Saudi Wasit for Entertainment and Beauty Systems after the purchase price allocation at the acquisition date. No significant differences were identified between preliminary and final fair values of assets and liabilities as a result of purchase price allocation.

	<u>1 July 2021</u>
<b>Statement of financial position</b>	
<b>Assets</b>	
Property, plant and equipment	34,008,460
<b>Total assets</b>	(A) <u>34,008,460</u>
<b>Liabilities</b>	
Long-term loans	16,730,800
Due to related parties	277,660
<b>Total liabilities</b>	(B) <u>17,008,460</u>
<b>Net assets</b>	(A-B) <u>17,000,000</u>
Share of acquired net assets (51%)	(8,670,000)
Purchase consideration	20,400,000
<b>Goodwill</b>	<u>11,730,000</u>
<b>Non-controlling interests in net assets</b>	<u>8,330,000</u>
<b>Cash outflow on acquisition</b>	
Cash consideration	(20,400,000)
Net cash acquired with the subsidiary	-
<b>Net cash outflow</b>	<u>(20,400,000)</u>

**8.3** Based on the impairment assessment performed by the management, the management believes there is an evidence of impairment due to which goodwill relating to Saudi Wasit for Entertainment and Beauty Systems and ARW Industry Company amounting to SR 4.99 million and SR 2.87 million respectively, has been fully impaired during the current year.

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8. INTANGIBLE ASSET AND GOODWILL (Continued)

8.4 NON-CONTROLLING INTERESTS

The following table summarizes the information relating to each of the Group's subsidiaries that has NCI.

31 December 2022

	Saudi Wasit	ARW	Total
<b>NCI percentage</b>	<b>49%</b>	<b>45%</b>	
Non-current assets	32,433,027	6,580,700	39,013,727
Current assets	7,155,153	5,387,490	12,542,643
Non-current liabilities	5,143,764	1,736,797	6,880,561
Current liabilities	23,828,738	6,690,588	30,519,326
<b>Net assets</b>	<b>10,615,678</b>	<b>3,540,805</b>	<b>14,156,483</b>
<b>Net assets attributable to NCI</b>	<b>5,201,682</b>	<b>1,593,362</b>	<b>6,795,044</b>
Loss for the year	4,364,060	2,238,314	6,602,374
Other comprehensive loss	7,159	3	7,162
<b>Total comprehensive loss</b>	<b>4,371,219</b>	<b>2,238,317</b>	<b>6,609,536</b>
Loss allocated to NCI	2,138,389	1,007,241	3,145,631
OCI allocated to NCI	3,508	1	3,509

31 December 2021

	Saudi Wasit	Total
<b>NCI percentage</b>	<b>49%</b>	
Non-current assets	33,424,883	33,424,883
Current assets	10,860,362	10,860,362
Non-current liabilities	15,271,935	15,271,935
Current liabilities	14,026,410	14,026,410
<b>Net assets</b>	<b>14,986,900</b>	<b>14,986,900</b>
<b>Net assets attributable to NCI</b>	<b>7,343,581</b>	<b>7,343,581</b>
Loss for the year		
<b>Total comprehensive loss</b>	<b>2,013,100</b>	<b>2,013,100</b>
Loss allocated to NCI	986,419	986,419

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## 9. LONG TERM INVESTMENTS

### Fair value through profit or loss (FVTPL)

The shares have no quoted market price. As of 31 December 2022, the management of the Group believes that the change in fair market value for the investment is immaterial, the movement for the investment is as follow:

	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	Number of shares		Amount	
<b><u>Al Wasatah Al Maliah Company</u></b>				
<b><u>(Wasatah Capital)</u></b>				
Balance at beginning of the year	395,125	-	3,951,250	-
Addition during the year (*)	138,375	395,125	-	3,951,250
<b>Total</b>	<b>533,500</b>	<b>395,125</b>	<b>3,951,250</b>	<b>3,951,250</b>

(\*) During the year, the Group has allotted bonus shares with a nominal value of SR 10 per share.

## 10. INVENTORIES

	31 December 2022	31 December 2021
Raw material and consumables	3,057,418	509,263
Finished goods	344,245	-
<b>Total</b>	<b>3,401,663</b>	<b>509,263</b>

## 11. TRADE RECEIVABLES

	Note	31 December 2022	31 December 2021
Trade receivables		9,677,436	3,918,403
Written off		-	(2,321,444)
Expected credit losses	11.1	(558,124)	(279,953)
<b>Total</b>		<b>(558,124)</b>	<b>(2,601,397)</b>
		<b>9,119,312</b>	<b>1,317,006</b>

11.1 The summary for the movement of allowance for expected credit loss is as follows:

	31 December 2022	31 December 2021
Opening balance	279,953	25,085
Allowance for expected credit losses	278,171	254,868
<b>Closing balance</b>	<b>558,124</b>	<b>279,953</b>

## 12. PREPAYMENTS AND OTHER RECEIVABLES

	Note	31 December 2022	31 December 2021
Other receivables	12.1	737,431	13,690,474
Advances to suppliers		625,082	1,105,371
Employees loans		175,180	577,445
Prepaid expenses		859,115	535,518
Value added tax		166,538	267,620
<b>Total</b>		<b>2,563,346</b>	<b>16,176,428</b>

12.1 During the year, an amount of SR 13.2 million has been received with respect to sale of Al-Jouf project.

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**13. SHORT TERM INVESTMENTS**

*Fair value through profit or loss (FVTPL)*

During the year, the Group has acquired shares with quoted market price at an amount of SR 80.51 million. Out of which, shares with market value of SR 10.93 million have been sold during the year which has resulted in realized loss amounting to SR 0.54 million. As of 31 December 2022, the remaining shares have fair market value amounting to SR 44.03 million with unrealized loss amounting to SR 25.01 million. The following are the fair market value for the investments:

	Number of shares	31 December 2022
Tourism Enterprise Company	2,212,144	31,854,875
Raoom Trading Company	65,758	7,430,654
Al Rajhi REIT Fund	43,898	429,761
Al Waha REIT Fund	408,163	4,318,364
	<u>2,729,963</u>	<u>44,033,654</u>

**13.1 Movement in short term investments:**

	Saudi Arabian Oil Company	Riyad REIT Fund	Tourism Enterprise Company	Raoom Trading Company	Al Rajhi REIT Fund	Al Waha REIT Fund	Total
31 December 2022							
Balance as at 1 January	-	-	-	-	-	-	-
Additions	3,911,250	4,008,000	59,025,142	5,334,640	4,057,535	4,175,200	80,511,767
Disposals and redemptions	(3,842,718)	(4,078,761)	-	-	(3,005,283)	-	(10,926,762)
Unrealized loss	-	-	(27,170,269)	2,096,014	(79,107)	143,166	(25,010,196)
Realized gain	(68,532)	70,761	-	-	(543,384)	-	(541,155)
Balance at as 31 December	<u>-</u>	<u>-</u>	<u>31,854,873</u>	<u>7,430,654</u>	<u>429,761</u>	<u>4,318,366</u>	<u>44,033,654</u>

**14. CASH AND CASH EQUIVALENTS**

	Note	31 December 2022	31 December 2021
Cash in hand		136,292	54,783
Cash at banks	14.1	4,718,584	95,338,226
		<u>4,854,876</u>	<u>95,393,009</u>

**14.1** Cash at bank is held in a current account with commercial banks in Saudi Arabia. Balance in current account bears no interest.

**15. SHARE CAPITAL**

As of 31 December 2018, the Company's capital was amounting to SR 196 million, consisting of 19.6 million fully paid shares of SR 10 for each.

During December 2019, and based on the Extraordinary General Assembly meeting held on 31 December 2019, the shareholders decided to absorb the accumulated losses as on 10 November 2019 amounting to SR 181 million and reduce the capital by that amount. Subsequent to the absorption, the capital of the

Company was SR 15 million instead of SR 196 million, with a decrease of 92.35%, and the number of shares after the reduction become 1.5 million shares at 10 Saudi riyals per share instead of 19.6 million shares, and the Company's articles of association and commercial registration have been amended accordingly.

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**15. SHARE CAPITAL (Continued)**

On 2 September 2021, the Board of Directors of the Company recommended the increase in the Company's capital by an amount of SR 90 million by issuing rights shares. On 22 September 2021 corresponding to 5/2/1442H, the Capital Market Authority approved the request and the Extraordinary General meeting of the shareholders dated on 27 October 2021 approved the increase of the Company's capital to SR 105 million instead of SR 15 million and number of shares to 10.5 million shares instead of 1.5 million shares. The Company amended its Bylaw and the Commercial Registration accordingly.

On 8 February 2022, the Board of Directors of the Company recommended increasing the Company's capital by an amount of SR 210 million by issuing rights shares. On 14 July 2022, the Group announced that it had submitted a file requesting approval to increase the Group's capital by offering rights shares amounting to SR 210 million to the Capital Market Authority (CMA), conditional on obtaining the approval of the relevant official authorities and Extraordinary General Assembly.

On 17 May 2022, the shareholders in Extra Ordinary General meeting resolved to increase the share capital by SR 210 million by way of rights issue to finance working capital, invest in real estate properties and invest in shares of other privately owned entities. The right issues process was completed in tranches during the period ended 30 June 2022 and the resulting total proceeds from the right issue was received on 26 June 2022. The above right issue process also resulted in over-subscription by the amount of SR 42.3 million out of which only SR 0.88 million is outstanding for payments as at 31 December 2022.

The Company has fulfilled all the legal and regulatory requirements pertaining to the above increase in share capital during the current year ended 31 December 2022.

As at 31 December 2022, the share capital of the Company is SR 315 million, divided into 31.5 million shares of SR 10 each. (31 December 2021: SR 105 million share capital divided into 10.5 million shares of SR 10 each).

**16. LONG TERM LOANS**

	<b>Note</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Saudi Industrial Development Fund loan	i/ii	<b>14,960,751</b>	15,105,254
Facility arrangement with Alinma Bank	iv	<b>153,225,234</b>	-
Facility arrangement with Riyadh Bank	iii	<b>787,500</b>	-
Total loans		<b>168,973,485</b>	15,105,254
Less: current portion of long-term loans		<b>(168,354,906)</b>	(15,105,254)
Non-current portion of long-term loans		<b>618,579</b>	-

**Subsidiaries**

**Saudi Wasit Factory for Entertainments and Beauty System**

- i. The entity has a long-term facility from the Saudi Industrial Development Fund (SIDF). The total outstanding balance of the loan as at 31 December 2022 amounted to SR 13.5 million (31 December 2021: SR 15.1 million). The loan has a zero-interest rate, accordingly, the difference between the fair value of loan and book value (being the discount present value of the loan using effective interest rate) is considered as a deferred income that is amortization over the period of the loan duration. These facilities are secured by the promissory notes, corporate guarantees from the subsidiary's shareholders and mortgaged by the assets of the Company (refer to note 6). The semi-annual repayment of the loan begins on 18 March 2022 and final payment is due on 3 February 2026. The loan agreements contain certain covenants which among others, require that the entities maintain specified financial ratios mainly the current ratio and the ratio of net tangible worth.

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**16. LONG TERM LOANS (Continued)**

**Subsidiaries (Continued)**

**Saudi Wasit Factory for Entertainments and Beauty System (i) (Continued)**

As at 31 December 2022 and 31 December 2021, the entity has not complied with certain covenants as stipulated in the loan agreement. Accordingly, the total loan amount is classified under current liabilities as at current and comparative year ends.

**ARW Industry Company**

- ii. During 2017, the entity obtained long term facility from the SIDF. The total outstanding balance of the loan as at 31 December 2022 amounted to SR 1.46 million (26 April 2022: SR 1.79 million). The loan is secured by the promissory notes and corporate guarantees from the subsidiary's shareholders. The loan is repayable on semi-annual basis over the period of 6 years.
- iii. During 2021, the entity entered into a three-year financing agreement with Riyadh Bank for a credit limit of SR 1.1 million to finance its working capital requirements. The total outstanding balance of the facility as at 31 December 2022 amounted to SR 0.78 million (26 April 2022: SR 0.38 million).

As at 31 December 2022, the entity has not complied with certain covenants as stipulated in the loan agreement of SIDF. Accordingly, the total loan amount is classified under current liabilities.

**The Company**

- iv. During the year, the Company has obtained long-term facility from Alinma Bank amounting to SR 153.23 million to finance the purchase of the investment property. As of 31 December 2022, the total balance of this loan was SR 153.23 million as per the loan agreements. This loan carries a SAIBOR plus 2% interest rate. The loan is repayable over the period of 10 years in semi-annual basis, commencing from 29 December 2023 until 29 June 2032. The loan is secured against the mortgage of the newly purchased investment property in Prince Sultan Street Building-Jeddah city (refer to note 7).

As at 31 December 2022, the entity has not complied with certain covenants as stipulated in the loan agreement. Accordingly, the total loan amount is classified under current liabilities. Subsequent to reporting date, the Company obtained a waiver from Alinma Bank with respect to the covenants in breach.

**16.1 Government Grant**

On 9 October 2018 a loan was obtained by Saudi Wasit Factory for Entertainments and Beauty System from Saudi Industrial Development Fund for the purpose of financing the establishment and expansion of a factory for the production of collective children's games and garden and park furniture in Sudair Industrial City. It is qualified to be a government grant given that the Saudi Industrial Development Fund is a government agency and that the Company received a loan bearing below market interest rate, and the conditions associated with government grant are being met.

	<b>31 December 2022</b>	31 December 2021
<b>Movement during the year</b>		
Opening balance	1,921,459	2,081,581
Deferred income amortized during the period	(153,430)	(160,122)
Balance as at 31 December 2022	<u>1,768,029</u>	<u>1,921,459</u>

**16. PROVISION FOR EMPLOYEE BENEFITS**

	<b>31 December 2022</b>	31 December 2021
As at 1 January	2,300,809	4,857,069
Current service and interest cost	846,414	309,825
Adjustment for advance paid in prior year	495,786	-
Re-measurement loss / (gain) in other comprehensive income	1,892,494	(742,361)
Benefits paid during the year	(831,106)	(2,123,724)
<b>As at 31 December</b>	<u>4,704,397</u>	<u>2,300,809</u>

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**17. PROVISION FOR EMPLOYEE BENEFITS (Continued)**

The following are the main actuarial assumptions:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Discount rate	4.38%	2.6%
Salary increase rate	4.38%	2.6%
Retirement age	60 years	60 years

The sensitivity analysis 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.

Assumptions	Movement	31 December 2022		31 December 2021	
		Increase	Decrease	Increase	Decrease
Discount rate	0.5%	(4,598,770)	4,819,315	(2,154,848)	2,438,217
Salary increases rate	0.5%	4,818,744	(4,598,272)	2,437,475	(2,154,214)
Employee turnover	10%	(4,690,558)	4,719,217	(2,285,546)	2,296,625

The current cost of service differences and the interest cost of the provision for employee benefits are charged to general and administrative expenses.

**18. ACCRUED EXPENSES AND OTHER PAYABLES**

	<u>31 December 2022</u>	<u>31 December 2021</u>
Accrued indirect taxes	-	4,217,766
Accrued expenses	535,082	884,822
Fines due to Custom Authority	2,560,000	2,560,000
Accrued employee benefits and incentives	1,824,008	1,657,501
Advance payments from customers	4,743,144	107,352
Others	-	142,406
	<u>9,662,234</u>	<u>9,569,847</u>

**19. DIVIDENDS AND DUE TO SHAREHOLDERS**

	<u>31 December 2022</u>	<u>31 December 2021</u>
Allocation of surplus stock	2,127,617	2,127,617
Dividends not paid	939,007	939,307
Shares sold by auction	5,122,440	5,125,200
Shareholder cheques not paid	1,252,369	374,187
Refund of excess capital increase	2,910,743	2,910,743
IPO Surplus Response 2020	1,084,085	1,090,244
IPO Surplus Response 2019	178,782	178,937
Differences resulting from capital reduction	233,122	233,124
	<u>13,848,165</u>	<u>12,979,359</u>

**20. RELATED PARTIES TRANSACTIONS AND BALANCES**

In the ordinary course of its activities, the Group transacts business with its related parties. Related parties include its shareholders and their affiliated companies, the Board of Directors, and key management personnel. Key management personnel are those persons, including non-executive directors, having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The transactions with related parties are carried out on mutually agreed terms approved by the management of the Group.

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**20. RELATED PARTIES TRANSACTIONS AND BALANCES (Continued)**

a) Key transactions with related parties are as follows:

<u>Nature of transaction</u>	<u>Nature of Relationship</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
Expenses paid on behalf	Non-controlling shareholder in a subsidiary	<u>5,104,987</u>	<u>3,528,354</u>

b) Due to related parties

	<u>31 December 2022</u>	<u>31 December 2021</u>
Mr. Anas Al-Harbi	<u>5,104,987</u>	-
Mr. Mohammad Ibrahim Haidari	<u>2,572,451</u>	2,572,451
Mr. Tariq Mohammad Ibrahim Haidari	<u>955,903</u>	955,903
	<u>8,633,341</u>	<u>3,528,354</u>

c) Key management personnel compensation  
Remuneration of key management can be shown as follows:

	<u>2022</u>	<u>2021</u>
Short term employee benefits	<u>5,568,238</u>	2,835,000
Long term employee benefits	<u>3,054,699</u>	236,250
Incentives	<u>10,655,000</u>	4,836,448
	<u>19,277,937</u>	<u>7,907,698</u>

**21. PROVISION OF ZAKAT**

21.1 Amount recognized in consolidated statement of profit or loss and other comprehensive income:

	<u>2022</u>	<u>2021</u>
Current year	<u>1,312,147</u>	-
Adjustment of prior year	<u>2,506,928</u>	-
	<u>3,819,075</u>	-

21.2 The main elements of zakat are as follows:

	<u>31 December 2022</u>	<u>31 December 2021 (Restated, Note 34)</u>
Non-current assets	<u>530,657,380</u>	155,534,877
Non-current liabilities	<u>6,930,883</u>	4,062,146
Equity of at the beginning of the year	<u>115,299,390</u>	88,945,253
Loss before zakat	<u>(27,646,420)</u>	(18,181,266)

21.3 Movement for provision

	<u>Note</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
01 January		<u>106,927,278</u>	106,927,278
Charge during the year	21.1	<u>3,819,075</u>	-
Payments during the year		<u>(8,244,680)</u>	-
31 December		<u>102,501,673</u>	<u>106,927,278</u>

**21.4 Zakat status**

The Group submitted its zakat returns to Zakat, Tax and Customs Authority ("ZATCA") for the years from 1995 to 2018 on the basis of the consolidated financial statements.

The Group has submitted its Zakat return for the year ended 2019, 2020 and 2021 to ZATCA.

The Group received a letter from ZATCA on 25 February 2018 which includes a claim for zakat differences of SR 106.93 million for the years from 1995 to 2011. A provision was made in these consolidated financial

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**21. PROVISION OF ZAKAT (Continued)**

**21.4 Zakat status (Continued)**

statements amounting to SR 88.55 million during the year 2019, in addition to the amount of provision recorded in the consolidated financial statements for the year ended 31 December 2018 amounting to SR 18.37 million, so the total amount of provision recorded in these consolidated financial statements is SR 106.93 million. On 17 November 2019, the Group submitted an objection to the Authority on the final zakat assessment for the aforementioned years, and the objection is still under review by the Authority. A final zakat assessment was issued for the amount of SR 7 million, an objection to these zakat assessments was filed with the General Secretariat of the Tax Committees on 15 October 2020.

On 23 June 2021, the Tax Committee for Resolution of Tax Violations and Disputes rejected the Group objection on the additional zakat claim amounting to SR 106.93 million. The Group submitted its objection and believes it has still a likely chance of accepting this objection.

**22. CONTINGENCIES AND COMMITMENTS**

**22.1 Contingencies**

There were no contingencies as at 31 December 2022 (31 December 2021: Nil).

**22.2 Commitments**

There were no commitments as at 31 December 2022 (31 December 2021: Nil).

**23. REVENUE**

	<u>Note</u>	<u>2022</u>	<u>2021</u>
Rental income (*)		19,783,029	7,737,793
Revenue from contract with customer (**)	23.1	<u>10,535,164</u>	<u>-</u>
		<u>30,318,193</u>	<u>7,737,793</u>

**23.1 Revenue from contract with customer**

	<u>2022</u>	<u>2021</u>
Revenue from contract with customer	10,652,648	-
Sales return	(23,942)	-
Discount	(93,542)	-
	<u>10,535,164</u>	<u>-</u>

(\*) Rental income is recognized over the period of time.

(\*\*) Revenue from contract with customer is recognized at point in time.

**23.2 Geographical Market**

The Group operates completely within the Kingdom of Saudi Arabia.

**24. SELLING AND MARKETING EXPENSES**

	<u>Note</u>	<u>2022</u>	<u>2021</u>
Salaries and other employees' benefits		765,393	332,932
Depreciation on property, plant and equipment	6.1	49,775	-
Others		<u>1,318,783</u>	<u>31,573</u>
		<u>2,133,951</u>	<u>364,505</u>

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**25. GENERAL AND ADMINISTRATIVE EXPENSES**

	<u>Note</u>	<u>2022</u>	<u>2021</u>
Salaries and other employees' benefits	25.1	20,104,422	6,431,925
Consulting, professional fees and licenses		1,532,928	3,325,299
Board of Directors' meetings and remunerations		890,000	2,729,500
Allowance for expected credit losses		675,000	2,601,482
Depreciation on property, plant and equipment	6.1	1,213,268	1,246,167
Government fees		174,396	611,549
Amortization on intangible asset and goodwill	8.1	503,760	200,271
Provision for employee benefits		644,629	348,350
Utilities expenses		116,479	242,640
Traveling and transportation expenses		138,439	165,420
Vehicles expenses		188,671	12,520
Others		1,548,606	1,379,430
		<u>27,730,598</u>	<u>19,294,553</u>

25.1 This includes incentive given to the key management personnel on the investments made on behalf of the Group.

**26. FAIR VALUE LOSS ON FVTPL INVESTMENTS - NET**

	<u>2022</u>	<u>2021</u>
Realized loss from FVTPL	541,155	-
Unrealized loss from FVTPL	25,010,196	-
Dividend income	(924,289)	-
	<u>24,627,062</u>	<u>-</u>

**27. OTHER INCOME**

	<u>2022</u>	<u>2021</u> (Restated, Note 34)
Fair value gain on investments properties	26,250,352	5,281,700
Other	1,425,679	644,140
	<u>27,676,031</u>	<u>5,925,840</u>

**28. DISCONTINUED OPERATIONS**

	<u>2022</u>	<u>2021</u>
Gain on sale of property, plant and equipment	-	25,186,568
Other income and expenses	-	(4,254,010)
	<u>-</u>	<u>20,932,558</u>

There was no zakat expense related to discontinued operations for the year ended 31 December 2021.

**29. BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE**

**29.1 (Loss) / profit for the year**

	<u>2022</u>	<u>2021</u> (Restated, Note 34)
(Loss) / profit for the year attributable to the owners of the Parent Company	(28,319,864)	3,737,711
Weighted average number of shares	24,229,533	14,915,659
<b>Basic and diluted (loss) / earnings per share</b>	<u>(1.17)</u>	<u>0.25</u>

The basic and diluted (loss) / earnings per share was calculated on the basis of the weighted average number of shares outstanding at the end of the year.

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**29. BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE (Continued)**

**29.2 Loss for the year from the continuing operations**

	<b>2022</b>	2021 (Restated, Note 34)
Loss for the year attributable to the owners of the Parent Company	<u>(28,319,864)</u>	<u>(17,194,847)</u>
Weighted average number of shares	<u>24,229,533</u>	<u>14,915,659</u>
<b>Basic and diluted loss per share</b>	<u><u>(1.17)</u></u>	<u><u>(1.15)</u></u>

The basic and diluted loss per share was calculated on the basis of the weighted average number of shares outstanding at the end of the year.

**30. STATUTORY RESERVE**

Articles 129 and 130 of the Saudi Regulation for Companies stipulate that joint stock companies must allocate 10% of the profit for the year as a statutory reserve until the reserve reaches 30% of the share capital. The Group has not transferred any amount to the statutory reserve due to the net loss for the year ended 31 December 2022 (31 December 2021: SR nil).

**31. FINANCIAL RISK MANAGEMENT**

**a. Fair value and fair value hierarchy**

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

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31. FINANCIAL RISK MANAGEMENT (Continued)

31.1 Fair value and fair value hierarchy (Continued)

	31 December 2022							
	Fair value through profit or loss	Amortised cost	Other financial liabilities	Total	Fair Value			Total
					Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value:</b>								
- listed equity securities	44,033,654	-	-	44,033,654	39,285,529	4,748,125	-	44,033,654
- unlisted equity securities	3,951,250	-	-	3,951,250	-	-	3,951,250	3,951,250
<b>Total</b>	<b>47,984,904</b>	<b>-</b>	<b>-</b>	<b>47,984,904</b>	<b>39,285,529</b>	<b>4,748,125</b>	<b>3,951,250</b>	<b>47,984,904</b>
<b>Financial assets not measured at fair value</b>								
Other receivables	-	912,611	-	912,611	-	-	-	-
Trade receivables	-	9,119,312	-	9,119,312	-	-	-	-
Cash and cash equivalents	-	4,854,876	-	4,854,876	-	-	-	-
<b>Total</b>	<b>-</b>	<b>14,886,799</b>	<b>-</b>	<b>14,886,799</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value:</b>								
Long term loans	-	-	168,973,485	168,973,485	-	-	-	-
Trade payables	-	-	3,079,403	3,079,403	-	-	-	-
Dividends and due to shareholders	-	-	13,848,165	13,848,165	-	-	-	-
Other payables	-	-	2,560,000	2,560,000	-	-	-	-
Due to related parties	-	-	8,633,341	8,633,341	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>197,094,394</b>	<b>197,094,394</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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31. FINANCIAL RISK MANAGEMENT (Continued)

31.1 Fair value and fair value hierarchy (Continued)

	31 December 2021							
	Fair value through profit or loss	Amortised cost	Other financial liabilities	Total	Fair Value			Total
					Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value:</b>								
- unlisted equity securities	3,951,250	-	-	3,951,250	-	-	3,951,250	3,951,250
<b>Total</b>	<b>3,951,250</b>	<b>-</b>	<b>-</b>	<b>3,951,250</b>	<b>-</b>	<b>-</b>	<b>3,951,250</b>	<b>3,951,250</b>
<b>Financial assets not measured at fair value</b>								
Other receivables	-	14,267,919	-	14,267,919	-	-	-	-
Trade receivables	-	1,317,006	-	1,317,006	-	-	-	-
Cash and cash equivalents	-	95,393,009	-	95,393,009	-	-	-	-
<b>Total</b>	<b>-</b>	<b>110,977,934</b>	<b>-</b>	<b>110,977,934</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value:</b>								
Long term loans	-	-	15,105,254	15,105,254	-	-	-	-
Trade payables	-	-	1,298,833	1,298,833	-	-	-	-
Dividends and due to shareholders	-	-	12,979,359	12,979,359	-	-	-	-
Other payables	-	-	2,560,000	2,560,000	-	-	-	-
Due to related parties	-	-	3,528,354	3,528,354	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>35,471,800</b>	<b>35,471,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 31. FINANCIAL RISK MANAGEMENT (Continued)

#### 31.2 Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values at 31 December 2022 for unquoted equity investment measured at fair value in the consolidated statement of financial position, as well as the significant unobservable inputs used.

Name of investee company	Valuation technique	Significant unobservable inputs of publicly traded companies	Inter-relationship between significant unobservable inputs of publicly traded companies and fair value measurement
Al Wasatah Al Maliah Company (Wasatah Capital)	Identified the value of the shares of a business by comparing it with publicly traded companies in similar lines of business using Guideline Public Companies (GPC) Multiple Method	<ul style="list-style-type: none"> <li>- Expected free cash flows</li> <li>- Terminal growth rate</li> <li>- Weighted Average Cost of Capital</li> </ul>	<p>The estimated fair value would increase / (decrease) if:</p> <ul style="list-style-type: none"> <li>- The expected free cash flows were higher / (lower)</li> <li>- The terminal growth rate is higher / (lower)</li> <li>- The Weighted Average Cost of Capital were lower / (higher)</li> </ul>

31.3 The Group's activities are exposed to a variety of financial risks: market risk (including currency risk, fair value, cash flow, interest rate risk and prices risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the fluctuations of financial markets and the Group's management attempts to mitigate the potential adverse effects on the Group's financial performance.

#### Financial Risk Management Framework

The risk management policy is implemented by top management under policies approved by the Board of Directors. Top management identifies, evaluates financial risks in close collaboration with the Group's operating units. The most important types of risk are credit risk, currency risk or fair value and cash flow interest rates.

Board of Directors has overall responsibility for establishing and overseeing the Group's risk management framework. Executive management team is responsible for developing and monitoring the group's risk management policies, where the team conducts regular meetings. Any changes or matters relating to policy compliance shall be reported to the Board through the Audit Committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and activities of the Group. The Group aims through training, management standards, and procedures to develop a responsible and constructive control environment so that all employees are aware of their roles and obligations.

Audit Committee oversees compliance by management with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The financial instruments included in the consolidated statement of financial position include cash and cash equivalent, trade and other receivable, accounts payable, accruals and other payables balances. The methods of evidence used are disclosed in the policy statement for each item.

The offsetting between the financial assets and liabilities were comprised and the net amounts included in the consolidated financial statements when there is a legally enforceable right to offset those amounts and when the Group has an intention to settle them on a net basis or to sell the assets to settle the liability simultaneously.

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**31. FINANCIAL RISK MANAGEMENT (Continued)**

**Foreign exchange risk**

Foreign exchange risk arises from changes and fluctuation in the value of financial instruments as a result of changes in foreign exchange rates.

The Group has not carried out any material transactions by currencies other than the Saudi Riyal. Since the Saudi Riyal is fixed against the US Dollar, it does not represent significant currency risk. The Group's management monitors currency exchange rates and believes that currency risk is not material.

**Commission rate risk**

Commission risk arises from changes and fluctuations in commission rates that affect the future profit of the fair value of the financial instruments. The Group's management monitors commission rate fluctuation and believes that the effect of commission rate risk is not material.

**Credit risk**

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's financial instruments that can be exposed to credit risk include mainly cash at banks and trade receivable. The Group deposits its cash in reliable and highly reputable banks and the Group has a policy regarding the volume of cash deposited in each bank and management does not expect significant credit risk to arise. Management also does not expect to be exposed to significant credit risk from customer accounts because it has a broad base of customer operating in different activities and multiple locations. It also monitors existing trade receivables and guarantees from customers to cover any debt not expected for the collection.

The maximum exposure to credit risk at the reporting date is as follows:

	<u>Note</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
<b>Financial assets</b>			
Cash and cash equivalents	14	4,854,876	95,393,009
Trade receivables	11	9,119,312	1,317,006
Prepayments and other receivables	12	2,563,346	16,176,428
		<u>16,537,534</u>	<u>112,886,443</u>

The maturity of trade receivables at the reporting date is as follows:

<b>31 December 2022</b>	<u>Not due yet</u>	<u>1-30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>181-360 days</u>	<u>Over 360 days</u>	<u>Total</u>
<b>Expected credit loss rate</b>	0.00%	3.40%	11.97%	10.25%	17.62%	100%	
<b>Estimated total gross carrying amounts at default</b>	6,117,327	1,129,523	524,921	863,018	818,317	224,330	9,677,436
<b>Expected credit loss</b>	-	38,360	62,811	88,418	144,205	224,330	558,124

<b>31 December 2021</b>	<u>Not due yet</u>	<u>1-30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>181-360 days</u>	<u>Over 360 days</u>	<u>Total</u>
<b>Expected credit loss rate</b>	0.00%	3.40%	8.90%	59.19%	51.51%	100.00%	
<b>Estimated total gross carrying amounts at default</b>	686,321	314,027	339,492	17,926	22,105	217,088	1,596,959
<b>Expected credit loss</b>	-	10,670	30,198	10,610	11,387	217,088	279,953

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**31. FINANCIAL RISK MANAGEMENT (Continue)**

**Concentration risk**

Concentration risk arises when a number of counterparties engage in similar activities, or activities in the same geographical area or activities having the same economic advantages, which may affect their ability to meet contractual obligations in a similar manner in the event of any economic, political or any other circumstances changes. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting certain industries.

**Liquidity risk**

Liquidity risk is the risk that the Group will experience difficulties in obtaining financing to meet commitments associated with financial instruments. Liquidity risk may arise when an asset cannot be sold readily and at close to its fair value. Liquidity risk is managed through regular monitoring of the adequacy of available liquidity to meet the Group's financial obligations; however, as of 31 December 2022 the Group's current liabilities exceeded its current assets by an amount of SR 242.27 million (2021: SR 36.17 million [restated]).

**Capital management risk**

In managing capital, the Group aims to ensure that the Group continues to be able to provide returns to its shareholders and to maintain a strong capital to support its business.

The Group manages the capital structure by monitoring returns on net assets and making adjustments in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or may increase capital. The Group also monitors capital using borrowing rate, which is the total debt (interest-bearing loans, trade payables, accruals and other payable balances). Capital refers to shareholders' equity as shown in the consolidated statement of financial position in addition to the total debt. The rate of borrowing as at 31 December 2022 is as follows:

	<b>31 December 2022</b>	<b>31 December 2021 (Restated Note 34)</b>
Loans, trade payables, accruals and other accounts payables	<u>306,239,844</u>	<u>149,569,047</u>
<b>Total debts</b>	<u><b>306,239,844</b></u>	<u><b>149,569,047</b></u>
Cash and cash equivalents	<u>4,854,876</u>	<u>95,393,009</u>
Share Capital	<u>315,000,000</u>	<u>105,000,000</u>
Accumulated (losses)/retained earnings	<u>(40,335,540)</u>	<u>2,955,809</u>
<b>Total shareholders' equity attributable to the shareholders of the parent Company</b>	<u><b>274,664,460</b></u>	<u><b>107,955,809</b></u>
Capital (shareholders equity + total debt)	<b>580,904,304</b>	<b>257,524,856</b>
Borrowing rate% = (total debt / capital)	<b>52.72%</b>	<b>58.08%</b>

**Fair value**

Fair value is the amount to be received for the sale of an asset or its payment to convert any of the liabilities into regular transactions between the market participants on the measurement date. As such, differences can arise between book values and fair value estimates. The definition of fair value is based on market-based measurement and assumptions used by market participants.

**Fair values for financial instruments recognized at amortized cost**

Management believes that the carrying book values of financial assets and liabilities which recognized at amortized cost are not materiality different from their fair values in the consolidated financial statement.

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**32. SEGMENTS INFORMATION**

The Group's main activity consists of sectors including agricultural activity, foodstuff trading, and other activities. The following is a breakdown of the segmental information as at 31 December 2022 for each sector:

<u>31 December 2022</u>	Warehousing	Head office & leasing and others	Entertainment and beauty	Medical and healthcare	Total
Revenue (*)'(***)	4,815,000	14,968,029	8,327,879	2,207,285	30,318,193
Non-current assets	5,777,826	485,865,827	32,433,028	6,580,699	530,657,380
Profit / (loss) from operations	1,262,490	(12,225,608)	(3,800,368)	(2,207,685)	(16,971,171)
Profit / (loss) for the year (**)	2,373,744	(27,621,556)	(3,998,751)	(2,218,932)	(31,465,495)

(\*) The revenue for year of the consolidated financial statements would be amounted to SR 32.31 million if the acquisition of ARW Industry Company had been as of the beginning of the year.

(\*\*) The loss for the year of the consolidated financial statements would be amounted to SR 33.16 million if the acquisition of ARW Industry Company had been as of the beginning of the year.

<u>31 December 2021</u>	Warehousing	Head office & leasing and others	Entertainment and beauty	Medical and healthcare	Total
Revenue (***)	6,973,622	764,171	-	-	7,737,793
Non-current assets	7,319,709	114,790,285	33,424,883	-	155,534,877
Profit / (loss) from operations	155,943	(15,350,538)	(1,856,387)	-	(17,050,982)
Profit / (loss) for the year	371,063	(16,539,229)	(2,013,100)	-	(18,181,266)

(\*\*\*) Rental income from major customer of head office and leasing and others segment represents an aggregate amount of SR 1.56 million (2021: SR nil) of total head office and leasing and others segment rental income of SR 14.97 million (2021: SR 0.76 million). Rental income from major customers of warehousing segment represents an aggregate amount of SR 3.47 million (2021: SR nil) of total warehousing segment rental income of SR 4.82 million (2021: SR 6.97 million). Revenue from major customers of entertainment and beauty segment represents an aggregate amount of SR 2.68 million (2021: nil) of total entertainment and beauty segment revenue of SR 8.33 million (2021: nil).

**32.1 Other Segment Information**

<u>31 December 2022</u>	Warehousing	Head office & leasing and others	Entertainment and beauty	Medical and healthcare	Total
Capital expenditure	58,571	184,637	1,257,151	2,284,324	3,784,683
Depreciation and amortization	560,883	972,980	2,306,266	647,375	4,487,504
Non-cash items other than depreciation and amortization - net	923,350	10,995,742	383,108	(186,847)	12,115,353

<u>31 December 2021</u>	Warehousing	Head office & leasing and others	Entertainment and beauty	Medical and healthcare	Total
Capital expenditure	1,151,962	112,419	1,066,041	-	2,330,422
Depreciation and amortization	865,623	2,911,176	616,698	-	4,393,497
Non-cash items other than depreciation and amortization - net	(183,426)	(4,335,535)	(166,685)	-	(4,685,646)

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**33. SUBSEQUENT EVENTS**

The Group has announced that it has signed a (non-binding) Memorandum of Understanding with Al Murjan Group Holding company on 09/06/1444 AH corresponding to 02 January 2023 AD, for a period of 120 days from the date of signing, subject to extension, to acquire the shares of Al Murjan Group Holding Company that represented 69.33% in the United Ink Production.

**34. IMPACT OF CHANGE IN ACCOUNTING POLICY, ERROR AND RECLASSIFICATIONS**

During the year, the Group has started measuring the investment properties at fair value under the requirement of IAS 40 "Investment properties". Accordingly, as per the requirements of IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors" the resulting impact is disclosed below:

	31 December 2021 (Previously stated)	Impact of change in accounting policy	Impact of in impairment loss due to error	Prior year error	Re- classification	31 December 2021 (Restated)
<b>IMPACT ON CONSOLIDATED STATEMENT OF FINANCIAL POSITION:</b>						
<b>Impact on current liabilities</b>						
Long term loans - current portion	1,604,628	-	-	-	13,500,626	15,105,254
Accrued expenses and other payables	11,746,054	-	-	(2,176,207)	-	9,569,847
<b>Impact on non-current liabilities</b>						
Long term loans - non- current portion	13,500,626	-	-	-	(13,500,626)	-
<b>Impact on accumulated losses:</b>						
Accumulated losses	(10,117,086)	19,812,184	(6,739,289)	-	-	2,955,809
<b>Impact on non-current assets:</b>						
Investment properties	68,799,316	19,812,184	-	-	-	88,611,500
Impairment loss on intangible asset and goodwill	11,730,000	-	(6,739,289)	-	-	4,990,711
Property, plant and equipment	59,664,600	-	-	(2,176,207)	-	57,488,393
	1 January 2021 (Previously stated)	Impact of change in accounting policy	Impact of in impairment loss due to error	Prior year error	Re- classification	1 January 2021 (Restated)
<b>IMPACT ON CONSOLIDATED STATEMENT OF FINANCIAL POSITION:</b>						
<b>Impact on accumulated losses:</b>						
Accumulated losses	(16,054,747)	14,530,484	-	-	-	(1,524,263)
<b>Impact on non-current assets:</b>						
Investment properties	52,299,316	14,530,484	-	-	-	66,829,800

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**34. IMPACT OF CHANGE IN ACCOUNTING POLICY, ERROR AND RECLASSIFICATIONS (Continued)**

**IMPACT ON CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME:**

Impact on loss before zakat:

	31 December 2021 (Previously stated)	Impact of change in accounting policy	Impact of impairment loss due to error	Prior year error	Re- classification	31 December 2021 (Restated)
Fair value gain on investment properties	-	5,281,700	-	-	-	5,281,700

In addition, reclassifications i) corresponding to the restatement adjustments and ii) other ones to conform with current year presentation have been made in the consolidated statement of cash flows for the year ended 31 December 2021. The balances of cash from investing activities and used in operating and financing activities remained unchanged.

**35. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS**

These consolidated financial statements were approved by the Board of Directors on Shawal 14, 1444H corresponding to May 04, 2023.