

Development Works Food Company
(Saudi Joint Stock Company)
Riyadh – Kingdom of Saudi Arabia

Condensed interim consolidated financial statements (unaudited)
For the three-Month and six-Month periods ending in June 30, 2023
and the independent auditor's review report

Development Works Food Company
(Saudi Joint Stock Company)

Condensed interim consolidated financial statements (unaudited) and the independent auditor's review report
For the three-Month and six-Month periods ending in June 30, 2023

<u>Index</u>	<u>Page</u>
Independent auditor's report	-
Condensed interim consolidated statement of financial position (unaudited)	2
Condensed interim consolidated statement of profit or loss and other comprehensive income (unaudited)	3
Condensed interim consolidated statement of changes in equity (unaudited)	4
Condensed interim consolidated statement of cash flows (unaudited)	5
Notes to condensed interim consolidated financial statements (unaudited)	6 – 21

Development Works Food Company
(Saudi Joint Stock Company)

Condensed interim consolidated statement of financial position (unaudited)

As at 30 June 2023

(Saudi Riyals)

	Notes	June 30, 2023 (unaudited)	December 31, 2022 (audited)
Assets			
Non-current assets			
Property, plant and equipment, net	7	26,437,549	31,474,141
Intangible assets, net		159,770	214,575
Right of use assets, net	8 / A	12,916,733	19,756,402
Capital works under constructions		1,349,518	1,330,436
Total non-current assets		40,863,570	52,775,554
Current assets			
Inventory, net		5,859,902	5,693,193
Prepaid expenses and other assets		13,019,549	10,628,632
Accounts receivable, net		5,073,937	5,847,316
Cash and cash equivalent		3,218,452	2,748,754
Total current assets		27,171,840	24,917,895
Total assets		68,035,410	77,693,449
Equity and liabilities			
Equity			
Share capital	1/ B	30,000,000	30,000,000
Statutory reserve		723,931	723,931
Re-measurement reserve for defined employees' benefit plan obligations		(423,141)	(423,141)
Accumulated losses		(3,439,891)	(1,023,365)
Net equity attributable to the shareholders of the parent company		26,860,899	29,277,425
Non-controlling interests		265,000	345,650
Net equity		27,125,899	29,623,075
Liabilities			
Non-current liabilities			
Leasing obligations	8 / B	5,634,663	5,829,706
Long term murabaha loans and sukuk	10 / E	7,397,857	7,397,857
Specific Employee Benefits Plan Obligations		2,198,861	2,076,836
Total non-current liabilities		15,231,381	15,304,399
Current liabilities			
Leasing obligations	8 / B	3,894,151	10,944,424
Long term murabaha loans and sukuk	10 / E	9,684,183	11,138,669
Accrued expenses and other liabilities		5,804,565	5,264,756
Accounts payable		6,270,689	5,135,822
Zakat provision		24,542	282,304
Total current liabilities		25,678,130	32,765,975
Total liabilities		40,909,511	48,070,374
Total equity and liabilities		68,035,410	77,693,449

The accompanying notes from (1) to (21) form an integral part of these condensed interim consolidated financial statements

Salah Shahin
Finance manager

Hisham Abdulrahman Almogren
Chief Executive Officer

Ashry Saad El-Ashry
Chairman

Development Works Food Company
(Saudi Joint Stock Company)

Condensed interim consolidated statement of profit or loss and other comprehensive income (Unaudited)
For the three-Month and six-Month period ending in June 30, 2023
(Saudi Riyals)

	Note	For the six-Month period ending June 30		For the three-Month period ending June 30	
		2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
<u>Profit or loss</u>					
Sales, net	11	46,879,812	54,028,259	27,175,659	33,807,325
Cost of sales		(44,975,236)	(48,805,097)	(24,151,678)	(27,819,815)
Gross profit		1,904,576	5,223,162	3,023,981	5,987,510
Selling and marketing expenses		(121,241)	-	(62,985)	-
General and administrative expenses		(4,753,443)	(5,647,314)	(2,512,486)	(2,808,186)
Net (loss) profit from main operations		(2,970,108)	(424,152)	448,510	3,179,324
Financing costs		(670,770)	(621,542)	(370,620)	(426,724)
Other income, net		1,394,984	2,195,657	333,427	605,765
Net (loss) profit for the period before zakat		(2,245,894)	1,149,963	411,317	3,358,365
Zakat		(100,000)	(152,308)	(50,000)	(97,308)
Net (loss) profit for the period		(2,345,894)	997,655	361,317	3,261,057
<u>Other comprehensive income</u>					
Total comprehensive income (loss) for the period		(2,345,894)	997,655	361,317	3,261,057
<u>(Loss) Profit for the period attributable to</u>					
To the parent company		(2,416,526)	748,278	315,296	3,039,908
Non-controlling interests		70,632	249,377	46,021	221,149
		(2,345,894)	997,655	361,317	3,261,057
<u>(Loss) earnings per share</u>					
(Loss) earnings per share based on net profit for the period attributable to shareholders of the company	14	(0.81)	0.25	0.11	1.01

The accompanying notes from (1) to (21) form an integral part of these condensed interim consolidated financial statements

Salah Shahin
Finance manager

Hisham Abdulrahman Almogren
Chief Executive Officer

Ashry Saad El Ashry
Chairman

Development Works Food Company
(Saudi Joint Stock Company)

Condensed interim consolidated statement of changes in equity (unaudited)

For the six-Month period ended 30 June 2023
(Saudi riyals)

	Share capital	Statutory reserve	Remeasurement reserve for defined employees' benefit plan obligations	Accumulated losses	Net equity attributable to the shareholders of the parent company	Non-controlling interests	Total
For the six months ended 30 June 2022 (unaudited)							
Balance as at January 1, 2022	30,000,000	723,931	(360,004)	2,199,728	32,563,655	502,298	33,065,953
Net profit for the period	-	-	-	748,278	748,278	249,377	997,655
Balance as at June 30, 2022	30,000,000	723,931	(360,004)	2,948,006	33,311,933	751,675	34,063,608
For the six months ended 30 June 2023 (unaudited)							
Balance as at January 1, 2023	30,000,000	723,931	(423,141)	(1,023,365)	29,277,425	345,650	29,623,075
Net (loss) profit for the period	-	-	-	(2,416,526)	(2,416,526)	70,632	(2,345,894)
Dividends for non-controlling interests – note 20	-	-	-	-	-	(151,282)	(151,282)
Balance as at June 30, 2023	30,000,000	723,931	(423,141)	(3,439,891)	26,860,899	265,000	27,125,899

The accompanying notes from (1) to (21) form an integral part of these condensed interim consolidated financial statements

Salah Shahin
Finance manager

Hisham Abdulrahman Almogren
Chief Executive Officer

Ashry Saad El-Ashry
Chairman

Development Works Food Company
(Saudi Joint Stock Company)

Condensed interim consolidated statement of cash flows (unaudited)
For the six-Month period ending 30 June 2023
(Saudi Riyals)

	For the six-Month period ending June 30	
	2023	2022
	(unaudited)	(unaudited)
Cash flows from operating activities		
Net (loss) profit for the period before zakat	(2,245,894)	1,149,963
Adjustments to reconcile net (loss) profit for the period to net cash provided by operating activities		
Depreciation of property, plant and equipment	4,883,967	4,895,886
Loss (profits) of sale of property, plant and equipment	159,334	(4,551)
Amortization of intangible assets	70,522	86,624
Depreciation of right to use assets	6,507,688	6,455,509
Defined employees' benefit plan obligations charged	384,625	528,651
Financing costs	670,770	621,542
Cash flows from operating activities	10,431,012	13,733,624
Changes in operating assets and liabilities		
Inventory	(166,709)	(105,253)
Prepaid expenses and other assets	(2,390,917)	(2,670,717)
Accounts receivable	773,379	1,218,753
Accrued expenses and other liabilities	539,809	1,303,587
Accounts payable	1,134,867	134,108
Results from operations	10,321,441	13,614,102
Defined employees' benefit plan obligations paid	(262,600)	(324,527)
Zakat provision paid	(357,762)	(323,123)
Net cash provided by operating activities	9,701,079	12,966,452
Cash flows from investing activities		
Additions to property, plant, and equipment	(132,809)	(935,840)
Proceeds from the sale of property, plant, and equipment	126,100	71,178
Additions to intangible assets	(15,717)	-
Additions to capital works under construction	(19,082)	(805,283)
Net cash used in investing activities	(41,508)	(1,669,945)
Cash flows from financing activities		
Proceeds from long term murabaha loans and sukuk	9,241,639	1,536,621
Payments of long term murabaha loans and sukuk	(11,144,764)	(10,549,083)
Paid from leases obligations	(7,135,466)	(5,812,193)
Due to a related party	-	10,420
Dividends for non-controlling interests	(151,282)	-
Net cash used in financing activities	(9,189,873)	(14,814,235)
Net change in cash and cash equivalent	469,698	(3,517,728)
Cash and cash equivalent, beginning of the period	2,748,754	7,042,690
Cash and cash equivalent, ending of the period	3,218,452	3,524,962
Non-cash transactions		
Transfer from capital works under construction to property, plant and equipment	-	463,252

The accompanying notes from (1) to (21) form an integral part of these condensed interim consolidated financial statements.

Salah Shahin
Finance manager

Hisham Abdulrahman Almogren
Chief Executive Officer

Ashry Saad El-Ashry
Chairman

Development Works Food Company
(Saudi Joint Stock Company)

Notes to the condensed interim consolidated financial statements (unaudited)
For the six-month period ended on June 30, 2023

1 - Organization and Activities

- A- Development Works Food Company ("the Company") is a Saudi joint stock company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010290779 issued in Riyadh on 27 June 2010.
- B- The company's capital is SAR 30,000,000 with 3,000,000 nominal shares of equal value, the value of each share is SAR 10, all of which are cash ordinary shares.
- C- Company Listing:
- The Saudi Stock Exchange (Tadawul) announced that the shares of Development Works Food Company have been listed and started trading on the Parallel Market (Nomu) under the symbol 9501, with a volatility of 20%, on Jumada Al-Awwal 29, 1438AH (corresponding to February 26, 2017).
 - The Saudi Stock Exchange (Tadawul) announced that the shares of Development Works Food Company have been listed and started trading on the Main Market (TASSI) with the symbol 6013, provided that the volatility per share is 10%, on Rabi' Thani 18, 1443AH (corresponding to November 23, 2021).
- D- The main activity of the company is in restaurants with service, fast food activities, including (pizza shops), coffee shops, ice cream shops (ice cream), serving fresh juices and cold drinks.

The parent company obtained the following subsidiary commercial registers:

<u>Commercial Registration Name</u>	<u>Commercial Registration Number</u>	<u>Issue Date</u>	<u>Place of issue</u>
Food Development Company Branch Workshop	1010437864	6 October 2015	Riyadh
Food Development Works Company	4030295880	1 August 2017	Jeddah
Food Development Works Company	4030295881	1 August 2017	Jeddah
Food Development Works Company	4030295882	1 August 2017	Jeddah
Food Development Works Company	4030295883	1 August 2017	Jeddah
Food Development Works Company	4030295885	1 August 2017	Jeddah
Food Development Works Company	1010686736	10 February 2021	Riyadh
Food Development Works Company	1010610220	1 August 2017	Riyadh
Food Development Works Company	1010610221	1 August 2017	Riyadh
Food Development Works Company	1010610222	1 August 2017	Riyadh
Notypes Digital General Contracting Company	1010455177	29 July 2018	Riyadh
Damascus Gate Fast Food Restaurants	1010651030	3 September 2020	Riyadh

- E- These condensed interim consolidated financial statements include the financial statements of the parent company and its subsidiary set out below:

<u>Subsidiary Name</u>	<u>Country of Incorporation</u>	<u>Commercial Registration Number</u>	<u>Date of Commercial Registration</u>	<u>Ownership</u>	
				<u>2023</u>	<u>2022</u>
Feddan Fruit Company for vegetables and fruits	Saudi Arabia	1010454082	17 July 2018	70%	70%

- F- The head office of the parent company is located at the following address:
Food Development Works Company / P.O. Box 55800 / Riyadh – Saudi Arabia.

Notes to the condensed interim consolidated financial statements (unaudited) (continued)
For the six-month period ended on June 30, 2023

2 - Basis of preparing condensed interim financial statements

Applicable accounting standards

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard No. (34) “Initial Financial Reporting” approved in the Kingdom of Saudi Arabia and other Standards and Pronouncements complementary to the International Standards endorsed by the Saudi Organization for Chartered and Professional Accountants and should be read in conjunction with the last consolidated financial statements of the Group for the year ended in December 31, 2022, which does not include all the information required for the entire set of consolidated financial statements prepared in accordance with International Financial Reporting Standards, but changes in accounting policies “if any” and selected explanatory notes are included to explain important events and transactions to understand the changes in the consolidated financial position and consolidated financial performance of the Group since the last annual consolidated financial statements.

Basis of measurement

The condensed interim consolidated financial statements have been prepared in accordance with the historical cost principle, going concern assumption, and the accrual basis of accounting. Another basis is used if the International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other Standards and Pronouncements complementary to the International Standards endorsed by the Saudi Organization for Chartered and Professional Accountants require it.

Accounting records

The company maintains regular accounting records on computers and in non-Arabic.

Presentation and disclosure currency

The condensed interim consolidated financial statements is presented and disclosed in Saudi Riyals, which is the functional currency and rounded to the nearest Saudi riyal.

Use of judgments, assumptions and estimates

The preparation of condensed interim consolidated financial statements in accordance with the International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other Standards and Pronouncements complementary to the International Standards endorsed by the Saudi Organization for Chartered and Professional Accountants requires management to use judgments, estimates and assumptions that affect the recorded amounts of revenues, costs, assets, liabilities and disclosures of potential liabilities at the date of the period. Financial. However, uncertainty about these provisions, assumptions and estimates may lead to results that may require material adjustments to the carrying value of assets and liabilities that are affected in the future.

The judgments, estimates and assumptions related to them are continuously reviewed, and adjustments to the estimates are recognized with future effect.

The significant judgments, assumptions and estimates set by management in applying the Group's accounting policies and significant sources of uncertainty in judgments, assumptions and estimates were similar to those set out in the company's last annual consolidated financial statements.

3 - Accounting policies

The accounting policies applicable to these condensed interim consolidated financial statements are the same as those applicable to the consolidated financial statements for the year ended December 31, 2022.

Notes to the condensed interim consolidated financial statements (unaudited) (continued)
For the six-month period ended on June 30, 2023

4 - Summary of changes in significant accounting policies due to new standards

The Group has implemented the following adjustments to its annual reporting periods commencing on 1 January 2023:

- Amendments to IAS 1 and IFRS 2 Practice Statement: Classification of liabilities as current or non-current, disclosure of accounting policies and materiality jurisprudence.
- Amendments to IAS 8: Definition of Accounting Estimates.
- Amendments to IAS 12: Deferred Tax on Assets and Liabilities arising from a single transaction.

The above adjustments have had no impact on the amounts recognized in prior periods and are not expected to materially affect current or future periods.

5 - Interim financial results for the period

The Group's management has prepared all the adjustments that are material in order to present the condensed interim consolidated financial statements fairly as at June 30, 2023 and the results of its condensed interim consolidated operations for the period ending on that date. The condensed interim consolidated financial results for that period may not represent an accurate indication of the financial results for the entire year.

6 - Basis of consolidation

The condensed interim consolidated financial statements include and its subsidiary (the "Group") as detailed in Note 1-E.

The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies.

A subsidiary is an investee company that is controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiary are consolidated in the interim condensed consolidated financial statements from the date of control over it to the Group, and these financial statements cease to be consolidated on the date that control ceases.

Balances between the parent company and the subsidiary, and any unrealized income or expense that may arise from intra-group transactions, are eliminated in preparing the condensed interim consolidated financial statements.

Unrealized losses are also eliminated in the same way as unrealized gains, only to the extent that there is no evidence of impairment.

Development Works Food Company

(Saudi Joint Stock Company)

Notes to the condensed interim consolidated financial statements (unaudited) (continued)**For the six-month period ended on June 30, 2023**

(Saudi Riyals)

7 - Property, plant and equipment, net

A- This item consists of the following:

As at 30 June 2023 (unaudited)	Leasehold improvements	Furniture and fixtures	Machinery & Equipment	Vehicles	Computers	Total
Cost						
Balance, beginning of the period	38,900,280	12,829,166	13,511,549	4,841,043	1,471,950	71,553,988
Additions	-	34,768	26,906	63,000	8,135	132,809
Disposals	(195,348)	(421,882)	(331,040)	(70,500)	(800)	(1,019,570)
Balance, ending of the period	38,704,932	12,442,052	13,207,415	4,833,543	1,479,285	70,667,227
Accumulated depreciation						
Balance, beginning of period	22,437,114	6,678,520	7,307,667	2,655,544	1,001,002	40,079,847
Charged for the period	2,702,770	917,479	868,722	286,268	108,728	4,883,967
Disposals	(135,624)	(302,861)	(247,342)	(47,521)	(788)	(734,136)
Balance, ending of the period	25,004,260	7,293,138	7,929,047	2,894,291	1,108,942	44,229,678
Net book value	13,700,672	5,148,914	5,278,368	1,939,252	370,343	26,437,549

Development Works Food Company

(Saudi Joint Stock Company)

Notes to the condensed interim consolidated financial statements (unaudited) (continued)**For the six-month period ended on June 30, 2023**

(Saudi Riyals)

7 - Property, plant and equipment, net (continued)

A- This item consists of the following (continued):

As at 31 December 2022 (audited)	Leasehold improvements	Furniture and fixtures	Machinery & Equipment	Vehicles	Computers	Total
Cost						
Balance, beginning of the year	37,501,515	12,078,319	11,930,971	5,088,478	1,390,411	67,989,694
Additions	1,509,017	2,161,445	2,207,451	40,627	88,216	6,006,756
Disposals	(110,252)	(1,410,598)	(626,873)	(288,062)	(6,677)	(2,442,462)
Balance, ending of the year	38,900,280	12,829,166	13,511,549	4,841,043	1,471,950	71,553,988
Accumulated depreciation						
Balance, beginning of the year	16,927,904	5,927,324	6,123,418	2,216,359	754,579	31,949,584
Charged for the period	5,533,569	1,786,573	1,618,021	586,915	250,586	9,775,664
Disposals	(24,359)	(1,035,377)	(433,772)	(147,730)	(4,163)	(1,645,401)
Balance, ending of the year	22,437,114	6,678,520	7,307,667	2,655,544	1,001,002	40,079,847
Net book value	16,463,166	6,150,646	6,203,882	2,185,499	470,948	31,474,141

B- The Vehicles item includes financial leased cars ending in ownership costing SAR 554,871 as at June 30, 2022 (December 31, 2022: SAR 554,871). The financial lease obligations related to these vehicles amounted to SAR 121,309 as at 30 June 2022 (December 31, 2022: SAR 435,655), and were included in the leases obligations (note 8 – B).

Notes to the condensed interim consolidated financial statements (unaudited) (continued)
For the six-month period ended on June 30, 2023
(Saudi Riyals)

8 - Right of use assets, net and leases obligations

A- The following is the movement made on the right of use the assets:

	June 30, 2023 (unaudited)	December 31, 2022 (audited)
Cost		
Balance, beginning of the period / year	57,970,572	59,531,017
Additions during period / year	-	8,290,915
Disposals during period / year	(397,724)	(9,851,360)
Balance, ending of the period / year	57,572,848	57,970,572
Accumulated depreciation		
Balance, beginning of the period / year	38,214,170	30,999,357
Charged for the period / year	6,507,688	13,415,918
Disposals by period / year	(65,743)	(6,201,105)
Balance, ending of the period / year	44,656,115	38,214,170
Net book value	12,916,733	19,756,402

B- The following is the movement made on leasing obligations:

	June 30, 2023 (unaudited)	December 31, 2022 (audited)
Balance, beginning of the period / year	16,774,130	24,354,707
Additional during period / year	-	8,246,941
Interest cost for period / year	222,131	989,250
Disposals by period / year	(331,981)	(3,650,255)
Privileges	-	(26,305)
Paid during the period / year	(7,135,466)	(13,140,208)
Balance, ending of the period / year	9,528,814	16,774,130
Non-current portion	5,634,663	5,829,706
Current portion	3,894,151	10,944,424

9 - Investment in associate

A- The Group invested in Ajdan Fruits and Vegetables Company (a limited liability company) with 24.5% (indirect ownership percentage) of its capital amounting to SAR 500,000. The activity of the associate company is in the cooling and freezing of fruits, the cooling and freezing of vegetables, the drying and packing of dates and the manufacture of their products, the drying and packaging of grapes and figs and the manufacture of their products, the wholesale of fruits and oily fruits, the wholesale of fruits, the wholesale of vegetables, the wholesale of honey, the retail sale of dates, the retail sale of nuts, milk, spices and perfumery.

B- The following is the movement made on the investment in the associate company:

	June 30, 2023 (unaudited)	December 31, 2022 (audited)
Balance, beginning of the period / year	176,578	176,578
Impairment provision for investment	(176,578)	(176,578)
Balance, ending of the period / year	-	-

C- A provision for impairment of the investment value has been recognized at full value, as the associate is under liquidation.

Development Works Food Company
(Saudi Joint Stock Company)

Notes to the condensed interim consolidated financial statements (unaudited) (continued)

For the six-month period ended on June 30, 2023

(Saudi Riyals)

10 - Long term murabaha loans and sukuk

- A- During 2016, the parent company (Development Works Food Company) entered into a bank facility agreement in the form of a long-term loan with a local bank in the amount of SAR 10 million, secured by personal guarantees, undertakings and bonds issued by the main shareholders, to finance the expansion of the Group's branches. This loan is payable over a period of 60 months.
- B- During 2017, the parent company (Development Works Food Company) entered into a bank facility agreement in the form of a long-term loan with a local bank in the amount of SAR 10 million, secured by personal guarantees, pledges and bonds issued by the main shareholders, to finance the expansion of the Group's branches. This loan is payable over a period of 64 months.
- C- During 2018, the parent company (Development Works Food Company) entered into a bank facility agreement in the form of a long-term loan with a local bank in the amount of SAR 10 million (long-term loan) and SAR 3 million (short-term), secured by personal guarantees, undertakings and bonds issued by the main shareholders, to finance the expansion of the Group's branches. This loan is payable over a period of 48 months.
- D- During 2020, the parent company (Development Works Food Company) entered into a bank facility agreement in the form of a short-term loan with a local bank in the amount of SAR 10 million, secured by personal guarantees, pledges and bonds issued by the main shareholders, to finance the expansion of the Group's branches.
- E- During 2022, the parent company (Development Works Food Company) entered into a Murabaha Sukuk program agreement through one of the local financial companies (as described in the following paragraph below), to issue Murabaha Sukuk to finance the working capital and capital expansions of the Group with a total amount of SAR 20,000,000 million. The first issuance is SAR 5,000,000 (5,000 Sukuk, Nominal Value of SAR 1,000) at a rate of 9.84%, and is payable quarterly for a period of one year ending in January 1, 2024.

- Development Sukuk: Sukuk Development entity (the "entity"), a Special Purposes Entity, was established with Articles of Association on January 10, 2023 and license number SPE00167 dated January 25, 2023 and validity for a period of five years, in accordance with the Rules Governing Special Purposes Entities issued by the Board of the Saudi Capital Market Authority. The purpose of the entity is to obtain financing by issuing debt-based debt instruments, issuing shares for incorporation purposes, in the name of a trustee of Special Purposes Entity, the supporting activities necessary to achieve its objectives. The entity was incorporated and its 1,000 shares without nominal value registered in the name of the trustee of the special purpose entity and the trustee is not the owner of it and may not dispose of any of these shares or make any structural changes in the entity except after the approval of the Authority. The trustee of the SPV is Dinar Investment Company, a limited liability company whose business activity is technology in finance in the securities business.

The loans incurs financing costs at the prevailing interbank market rates in Saudi Arabia plus the agreed margin.

- F- The following is the movement of long term murabaha loans and sukuk

	June 30, 2023 (unaudited)	December 31, 2022 (audited)
Balance, beginning of the period / year	18,536,526	28,641,342
Additional during period / year	9,241,639	5,338,251
Interest cost for period / year	448,639	314,329
Paid during the period / year	(11,144,764)	(15,757,396)
Balance, ending of the period / year	17,082,040	18,536,526
Non-current portion	7,397,857	7,397,857
Current portion	9,684,183	11,138,669

Development Works Food Company
(Saudi Joint Stock Company)

Notes to the condensed interim consolidated financial statements (unaudited) (continued)
For the six-month period ended on June 30, 2023
(Saudi Riyals)

11 - Sales, net

Segment information:

A segment is an essential part of the group and provides certain products or services (business segment) or provides products or services in a specific economic environment (geographical segment), and its profits and losses differ from those of other segments. And since the main activity of the group consists of one main sector, represented in selling fruit products and juices using the “Juice Time” and “Cuznos” trademarks, and other materially insignificant activities including food activities using the “Jamrati” brand, the other activities did not fulfill any of the Quantitative limits for revenues, profits, or assets to be reported separately as an operating segment in accordance with the requirements of International Financial Reporting Standard (8) “Operating Segments” to display operating segments, and all its activities are carried out in the Kingdom of Saudi Arabia, so the group has prepared segment information according to geographical areas within the Kingdom of Saudi Arabia Saudi Arabia is as follows:

Sales by region	June 30, 2023 (unaudited)	June 30, 2022 (unaudited)
Central Region	36,174,713	41,704,501
Western Region	7,537,318	8,110,435
Southern Region	3,167,781	4,213,323
Total	46,879,812	54,028,259

Revenue is recognized at a point in time. Performance obligations are fulfilled when the service is provided to the customer, there is no transaction price to be distributed to the performance obligations that have not been fulfilled or remaining.

12 - Related Parties

There are transactions that took place during the period with related parties within the normal course of the Group's business and with the approval of the management. The management believes that the terms of these transactions are not materially different from any transactions carried out by the management with any third party. This item consists of the following:

A- The following is the balance due from the related party:

Related Party Name	June 30, 2023 (unaudited)	December 31, 2022 (audited)
Ajdan Company for Vegetables and Fruits	150,269	150,269
Provision for expected credit losses	(150,269)	(150,269)
Net	-	-

Development Works Food Company
(Saudi Joint Stock Company)

Notes to the condensed interim consolidated financial statements (unaudited) (continued)

For the six-month period ended on June 30, 2023

(Saudi Riyals)

12 - Related Parties (continued)

B- The following are the most important transactions made with related parties:

<u>Related Party</u>	<u>Nature of the relationship</u>	<u>Transaction Type</u>	<u>June 30, 2023 (unaudited)</u>	<u>December 31, 2022 (audited)</u>
Al Faddan Company for Vegetables and Fruits	Subsidiary	Dividends	151,282	307,298
		Purchases	4,221,105	14,278,705
		Payment	3,850,000	12,990,000
		Custody	-	204,222
		Reconciliations	-	37,335
Board of Directors	Board Members and Governance Officers	Meeting attendance fees and remuneration	-	-
		Payment of meeting attendance fees and bonuses	5,349	51,000
		Salaries and other benefits	750,000	1,547,875

Compensation of Senior Management and Senior Executives

Senior Management and Senior Executives compensation are those amounts paid to persons who have the authority and responsibility to plan, direct and control the activities of the group, directly or indirectly, including any director (whether executive or otherwise) where the compensation of senior management includes short-term benefits, long-term benefits, post-employment benefits, and end-of-serve benefits.

13 - Zakat Status

Food Development Works Company

The company completed its Zakat status until 2017. The company submitted Zakat decisions and non-consolidated financial statements prepared for a special purpose to the Zakat, Tax and Customs Authority until 2022, and it has received the required certificates. The following is a summary of the outstanding zakat assessment:

<u>Year</u>	<u>Assessment amount (SAR)</u>	<u>Zakat Status</u>
2018	450,118	The company objected to the zakat assessment and it was rejected by the Authority, and the company escalated the objection to the tax committees and has not yet decided on it.
2019	67,456	The company received a Zakat assessment for SAR 67,456 and it was not objected to by the company's management.
2020	448,481	The company objected to the zakat assessment and it was rejected by the Authority, and the company escalated the objection to the tax committees and has not yet decided on it.
2021	-	The company has received inquiries from the Zakat, Tax and Customs Authority and is being processed by the management.
2022	-	The company has received inquiries from the Zakat, Tax and Customs Authority and is being processed by the management.

Feddan Fruit Company for vegetables and fruits

The company submitted its Zakat returns and financial statements to the Zakat, Tax and Customs Authority for all years from the beginning of its establishment until 2022, paid its due under those declarations and obtained the required certificates for those years. No assessments received till date.

Development Works Food Company
(Saudi Joint Stock Company)

Notes to the condensed interim consolidated financial statements (unaudited) (continued)

For the six-month period ended on June 30, 2023

(Saudi Riyals)

14 - (Loss) Earnings per share

Basic share per share is calculated by dividing the net profit (loss) for the period by the weighted average number of shares outstanding as at the end of the period, as follows:

	For the six-month period ending June 30		For the three-month period ending June 30	
	2023	2022	2023	2022
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
(Loss) earnings per share based on net (loss) profit for the period attributable to shareholders of the company	(2,416,526)	748,278	315,296	3,039,908
Weighted average number of shares	3,000,000	3,000,000	3,000,000	3,000,000
Basic and Diluted Earnings Per Share	(0.81)	0.25	0.11	1.01

15 - Financial information related to the subsidiary

The following is a summary of the total financial information relating to the Group's subsidiary, representing the amounts before eliminations between Group companies:

	Statement of Financial Position	
	June 30, 2023	December 31, 2022
	(unaudited)	(audited)
Assets:		
Non-current assets	902,179	1,147,490
Current Assets	2,823,026	2,546,352
Total assets	3,725,205	3,693,842
Equity and Liabilities:		
Equity:		
Total Equity	883,333	1,152,167
Liabilities:		
Non-current liabilities	307,403	296,432
Current liabilities	2,534,469	2,245,243
Total liabilities	2,841,872	2,541,675
Total Equity and Liabilities	3,725,205	3,693,842

	Statement of profit or loss and other comprehensive income			
	For the six-month period ending in June 30		For the three-month period ending in June 30	
	January – June	January – June	April – June	April – June
	2023	2022	2023	2022
	(Unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	5,773,256	9,455,790	2,580,908	3,827,466
Expenses	(5,537,812)	(8,624,532)	(2,498,871)	(3,733,374)
Net profit for the period	235,444	831,258	82,037	94,092

Notes to the condensed interim consolidated financial statements (unaudited) (continued)
For the six-month period ended on June 30, 2023
(Saudi Riyals)

16 - Financial instruments, risk management and fair value

Financial Instruments

Financial instruments included in the preliminary consolidated statement of financial position include mainly prepaid expenses, other assets, receivables, cash and cash equivalents, long-term loans, accrued expenses, other liabilities and payables.

Risk Management

The Group's management has overall responsibility for developing and overseeing the Group's risk management frameworks. The Group's risk management policies are developed to identify and analyze the risks faced by the Group, establish appropriate risk limits and controls, and monitor and adhere to those risks. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and Group activities. Through its training and management procedures and standards, the Group aims to create a constructive and regular control environment in which employees are aware of their responsibilities and obligations.

Credit Risk

Credit risk is the risk of financial loss faced by the Group in the event that the customer or counterparty of a financial instrument fails to meet its contractual obligations, and arises primarily from cash, deposits with banks, amounts due from customers and amounts due from the related party. The maximum credit risk exposure represents the carrying amount of these assets.

The cash balance is represented in current accounts, and where cash is deposited with financial institutions with a high credit rating, management believes that the Group is not exposed to material risk. Customer-related credit risk is managed by a business unit subject to the Group's policies, procedures and controls on the management of credit risk related to customers. Credit limits are established for all customers using internal and external rating standards and controls. Credit quality is evaluated related to customers according to a credit rating system. Outstanding receivables are monitored regularly. The Group has formed a provision for expected credit losses in full amounts due from the related party.

The credit risk to which the Group is exposed is as follows:

	June 30, 2023	December 31, 2022
	(unaudited)	(audited)
Accounts receivables	5,600,630	6,374,009
Cash and cash equivalent	3,218,452	2,748,754
	8,819,082	9,122,763

Market Risk

Market risk is the risk of the potential impact of changes in market rates such as foreign exchange rates and commission rates, the objective of market risk management is to manage and control exposure to market risk within acceptable limits with the highest possible return.

Foreign Exchange Risk: Foreign exchange risk results from changes and fluctuations in the value of financial instruments as a result of a change in foreign exchange rates. The Group's foreign exchange risk management aims to protect future cash flows in Saudi Riyals. Foreign exchange exposures related to cash flows are considered at the Group level and consist primarily of currency exchange risk resulting from payables and receivables. The Group's management monitors currency exchange rates and believes that the risk of fluctuations in currency exchange rates is ineffective as most of the Group's financial transactions are carried out in Saudi Riyals.

Notes to the condensed interim consolidated financial statements (unaudited) (continued)
For the six-month period ended on June 30, 2023
(Saudi Riyals)

16- Financial instruments, risk management and fair value (continued)

Market Risk (continued)

Commission Rate Risk: Commission risk appears from possible changes and fluctuations in commission rates affecting future profit or fair values of financial instruments and the Group monitors commission rate fluctuations and believes that the impact of commission rate risk is ineffective.

Capital risk

The main objective of the Company's capital management is to support its business and increase the return on shareholders.

The Group's policy is to maintain a strong capital base to maintain the confidence of users of consolidated financial statements and maintain the future development of the business. The Group manages its capital structure and adjusts it in light of changes in economic conditions. Management monitors the return on capital, which is determined by the Group as the result of operating activities divided by total equity.

There have been no changes in the way the group is in capital management during the year. Management also monitors the level of dividends to owners. The Group is subject to capital requirements by banks that have provided loans and credit facilities to the Group. The Group is committed to these requirements.

The following is an analysis of the Group's debt to equity ratios:

	June 30, 2023	December 31, 2022
	(unaudited)	(audited)
Total Liabilities	40,909,511	48,070,374
Less: cash and cash equivalent	(3,218,452)	(2,748,754)
Net	37,691,059	45,321,620
Net equity	27,125,899	29,623,075
Liability to equity	1.39	1.53

Liquidity risk

Liquidity risk represents the difficulties faced by the Company in meeting its obligations in relation to its financial liabilities. The Group's approach to liquidity risk management is to hold sufficient cash and cash equivalents and ensure the availability of funding.

Management monitors liquidity shortfall risks using forecast models to determine the effects of operating activities on overall liquidity availability, and maintains an available cash flow ratio, ensuring debt is repaid at maturity.

Notes to the condensed interim consolidated financial statements (unaudited) (continued)
For the six-month period ended on June 30, 2023
(Saudi Riyals)

16 - Financial instruments, risk management and fair value (continued)

Liquidity risk (continued)

The table below summarizes the accruals of the Company's financial liabilities based on contractual payments:

As at June 30, 2023 (unaudited)	1 to 12 months	1 to 5 years	Indefinite term	Total
Leasing Obligations	3,894,151	5,634,663	-	9,528,814
Long term loans	9,684,183	7,397,857	-	17,082,040
Defined employees benefit plan obligations	-	-	2,198,861	2,198,861
Accrued expenses and other liabilities	5,804,565	-	-	5,804,565
Accounts payables	6,270,689	-	-	6,270,689
Zakat provision	24,542	-	-	24,542
	25,678,130	13,032,520	2,198,861	40,909,511

As at December 31, 2022 (audited)	1 to 12 months	1 to 5 years	Indefinite term	Total
Leasing Obligations	10,944,424	5,829,706	-	16,774,130
Long term loans	11,138,669	7,397,857	-	18,536,526
Defined employees benefit plan obligations	-	-	2,076,836	2,076,836
Accrued expenses and other liabilities	5,264,756	-	-	5,264,756
Accounts payables	5,135,822	-	-	5,135,822
Zakat provision	282,304	-	-	282,304
	32,765,975	13,227,563	2,076,836	48,070,374

Fair Value

Fair value is the price that can be received when an asset is sold or paid when an obligation is transferred in normal transactions between market participants at the measurement date. The fair value measurement assumes that the transaction of the sale of the asset or the transfer of liabilities occurs either:

- In the main market of the asset or liabilities; or
- In the best market suitable for the asset or commitment in the absence of a major market.

The main market or the most viable market must be available to the Group.

The fair value of an asset or liability is measured using the assumptions used by market players when pricing an asset or liability, assuming that these parties seek the greatest economic benefit for them. Measuring the fair value of a non-financial asset considers the ability of market parties to generate economic benefits by using the asset to make the best use of it or selling it to another market party to use it for the best benefit from it.

The group uses contextually appropriate valuation methods that have sufficient data to measure fair value, demonstrate the use of relevant observable inputs and minimize the use of unobservable inputs.

Notes to the condensed interim consolidated financial statements (unaudited) (continued)
For the six-month period ended on June 30, 2023
(Saudi Riyals)

16 - Financial instruments, risk management and fair value (continued)

***Fair Value* (continued)**

All assets and liabilities for which fair value is measured or disclosed are classified in the condensed interim consolidated financial statements within the fair value hierarchy, as shown as follows, based on the lowest significant income level for the fair value measurement as a whole:

- Level 1 - Prices traded (without adjustment) in active markets for similar assets or liabilities.
- Level 2 - Valuation methods in which the minimum intrusion is directly or indirectly noticeable to measure fair value.
- Level 3 - Valuation techniques at which the lowest income level can be observed that is important for measuring fair value.

If the inputs used to measure the fair value of an asset or liability fall at different levels of the fair value hierarchy, the measurement is classified entirely within the same level of the hierarchy as the lowest input level that is considered to be substantially as a whole.

The group establishes the transfers between the levels of the fair value hierarchy at the end of the reporting period in which the change occurred.

The following table shows the book value of financial assets and liabilities, and this does not include fair value information for financial assets and liabilities as the book value represents a reasonable estimate of fair value.

	Book value	
	June 30, 2023 (unaudited)	December 31, 2022 (audited)
Financial Assets		
Prepaid expenses and other assets	13,019,549	10,628,632
Accounts receivables, net	5,073,937	5,847,316
Cash and cash equivalent	3,218,452	2,748,754
	21,311,938	19,224,702
Financial liabilities		
Leasing Obligations	9,528,814	16,774,130
Long term loans	17,082,040	18,536,526
Accrued expenses and other liabilities	5,804,565	5,264,756
Accounts payables	6,270,689	5,135,822
	38,686,108	45,711,234

Notes to the condensed interim consolidated financial statements (unaudited) (continued)
For the six-month period ended on June 30, 2023
(Saudi Riyals)

17- Contingent liabilities and outstanding issues

- A- The Group (as the plaintiff) filed lawsuits against a number of clients (defendants) demanding the recovery of outstanding debts amounting to SAR 3,968,836. The Group was awarded a number of cases in the amount of SAR 3,098,075, and a preliminary judgment was issued for a number of other cases in favor of the Group in the amount of SAR 615,134. No judgment was issued in a number of cases amounting to SAR 255,627. The Group's management believes that the situation of cases that have not been sentenced is very good. A request for execution was filed with the amounts awarded in favor of the Group.
- B- The company, in its capacity as (Plaintiff), filed lawsuits worth SAR 170,559 against a number of former employees of the company (as defendants) and an execution decision was issued by the court obliging the defendants to pay the said amounts. A request for execution was filed with the amounts awarded in favor of the Group.
- C- The company has filed a lawsuit against one of the partners in the associate company (Ajdan Fruits and Vegetables Company) to oblige him solely to bear responsibility for all the company's losses without any responsibility on the Group. The case was registered with the Commercial Court and the case was reserved for study and deliberation.

18- Reclassification

Some comparative year figures have been reclassified to align with the current period classification.

19- Dividends

The partners in the subsidiary agreed to distribute dividends of SAR 504,278 each according to its percentage in the capital.

20- Subsequent events

Management believes that no significant subsequent events after the date of the condensed interim consolidated financial statements and prior to the issuance of these condensed interim consolidated financial statements require amendment or disclosure.

21- Approval of condensed interim consolidated financial statements

The condensed interim consolidated financial statements were approved by the Board of Directors after the recommendation of the members of the audit committee to approve them on Muharram 23, 1445AH (corresponding to August 10, 2023)